

OVERSEAS NEWS

Schlumberger

FUJITSU AND SCHLUMBERGER ANNOUNCE INTENT TO FORM NEW U.S. COMPANY
New York, New York, October 23 — In a joint statement today, Fujitsu Limited and Schlumberger Limited announced an agreement in principle to expand the Fairchild Semiconductor operations by integrating the Fujitsu U.S. semiconductor business (Fujitsu microelectronics Inc) and certain other Fujitsu European semiconductor operations. Fujitsu will own approximately 80%, and Schlumberger will own approximately 20% of the new U.S. international company.

Schlumberger

RESULTS FOR THE THIRD QUARTER
Schlumberger Limited reported a third quarter loss of \$42 million or \$0.14 per share, compared to \$208 million or \$0.70 per share earned in the same period last year. Third quarter revenue was \$1.29 billion versus \$1.36 billion, a year ago.

Bulgarian chemical disaster kills 17

By Leslie Collett in Berlin
A SERIOUS accident at a Bulgarian chemical plant on Saturday killed 17 persons and injured 19, many seriously, according to the Bulgarian news agency BTA.

The report of the accident followed an earlier announcement that several officials in the chemicals industry were relieved of their posts because of "incompetence." It said they were unable to cope with problems in the industry.

David Marsh and Peter Bruce meet a key figure in Kohl's re-election campaign
CDU politician who shoots from the hip

WEST GERMANY'S plans to offer terrorists judicial immunity if they testify against their accomplices are essential and are comparable to giving President Augusto Pinochet a reward for quitting Chile, according to Mr Helmut Geissler, the leader at the centre of Chancellor Helmut Kohl's re-election campaign.

"It would also increase the mutual distrust of people in the terrorism network. It's the same with people like Pinochet and Duvalier (the former dictator in Haiti) — they need to be given asylum somewhere in the world to allow them to leave their countries."

Mr Geissler's latest intervention in the controversy over anti-terrorist laws comes on top of a row he already caused at the end of last week in Bonn by labelling opponents of the new legislation "accomplices of murderers."

Speaking in his office on the tenth floor of the CDU headquarters in Bonn, Mr Geissler was in his normal slugging form, hitting out both at the SPD and the Greens anti-nuclear ecology party.

With the Greens, Mr Geissler steadfastly puts them in the same boat. "The Red-Green faction are spreading scenarios based on panic and depression," he said. "We, on the other hand, are in favour of technological progress."

Moscow cancels Bonn visit

BY PETER BRUCE IN BONN
THE Soviet Union has cancelled a visit to Moscow this week by Mr Helmut Riesenhuber, the West German Research Minister, in apparent retaliation for an interview given by Chancellor Helmut Kohl in which he compared the public relations skills of Mr Mikhail Gorbachev, the Soviet leader, with those of Josef Goebbels, the Nazi propaganda chief.

Mr Riesenhuber, who is expected to arrive in Bonn on Tuesday, was quoted as saying in an interview to be published today: "It was not my intention to insult the Soviet General Secretary."

Newsweek published an interview with Mr Kohl last month in which he is quoted as saying of Mr Gorbachev: "He is a modern communist leader who understands public relations. Goebbels, one of those responsible for the crimes of the Hitler era, was an expert in public relations too."

BMW calls on EEC to step up pressure on Tokyo

BY ANDREW FISHER IN MUNICH
EEC governments should put more pressure on Tokyo to ease access to Japan's car market by removing non-tariff barriers, said Mr Eberhard von Kuenheim, chairman of BMW, the West German manufacturer whose luxury models are the best selling imports among Japanese drivers.

BMW's business in Japan has been rising sharply, with sales up by 35 per cent in the first nine months to around 12,000 cars. But Mr von Kuenheim said it was not fair that Japanese non-tariff practices still hindered imports.

Bankers assess Turkish currency changes

BY DAVID BARCHARD IN ANKARA
ISTANBUL bankers were yesterday trying to assess the consequences of new regulations announced last on Thursday by the Central Bank. The new rules include a 2.5 per cent devaluation of the Turkish lira against the US dollar and restrictions on selling rates for foreign currency.

The extent of Bonn's blunder, though, is explained by Newsweek's clarification of who Goebbels was, because this was actually added to Mr Kohl's original quote by his chief spokesman, Mr Friedhelm Ost, who was checking for accuracy the quotes Newsweek said it planned to use.

At the weekend Mr Juli Kwiecinski, Moscow's Ambassador to Bonn, met with Wolfgang Schäuble, the head of the West German Chancellery, and Mr Hans Dietrich Genscher, the Foreign Minister, last Thursday to discuss the apparent insult. Mr Genscher was also trying yesterday to soothe ruffled feathers, telling a party meeting in Hamburg that Germans should take Soviet efforts at disarmament seriously and be conscious of the "millions of dead that the people of the Soviet Union lost through Hitler's invasion."

Italy may reach inflation target

RETAIL PRICE inflation continued to fall in Italy last month, confirming that the Government's target of a 6 per cent average for the year could be within reach, John Wyles reports from Rome.

According to Istat, the statistical institute, prices rose in October at an annual rate of 5.1 per cent. The average inflation rate for the previous 12 months has fallen to 6.8 per cent from 7.1 per cent in September.

World value of the pound every Tuesday in the FINANCIAL TIMES

Advertisement for MD 110 exchange system, listing various international clients and features of the system.

Advertisement for Nomura Securities Co., Ltd., Tokyo, announcing the commencement of trading in London.

Advertisement for Ericsson MD 110, highlighting its features and benefits for communication systems.

Soviet chief in Vienna to meet Shultz

MR EDUARD Shevardnadze the Soviet Foreign Minister, yesterday arrived in Vienna where he will meet Mr George Shultz, US Secretary of State, this week to study the next steps in arms talks between the superpowers.

The two men were expected to consider how to build on the results of the October 11-12 summit between President Ronald Reagan and Mr Mikhail Gorbachev, the Soviet leader, that narrowly failed to reach a major nuclear disarmament agreement.

An intensive round of diplomatic contacts was certain as Mr Shevardnadze, Mr Shultz and 33 other foreign ministers gather for the opening of the Conference on Security and Co-operation in Europe (CSCE).

The Vienna meeting of the CSCE could not have come at a better time, the Soviet minister said in an arrival statement. He is due to meet Mr Shultz for two hours on Wednesday afternoon and two-and-a-half hours on Thursday morning.

Referring to the CSCE meeting, Mr Shevardnadze said: "The international situation demands of us effective and immediate action and the results of the Reykjavik summit stimulate us to evaluate anew European and world realities."

He quoted Mr Gorbachev as saying a new political thinking was needed to guide humanity towards lasting peace and co-operation. The Soviet delegation was prepared to work with all the European countries, the US and Canada in Vienna to achieve "important and positive results."

Western diplomats said the ministers were expected to consider ways to overhaul the group's structure as Eastern Bloc states seek to re-align their economic relations.

Army troops opened fire yesterday on rioters in Karachi who clashed repeatedly with police. Hospital officials said at least seven people were killed and more than 50 injured in the third day of ethnic rioting in Pakistan's largest city.

Four students and a policeman were injured in Khartoum yesterday when police fired bullets and tear gas to disperse demonstrators protesting against rising prices and food shortages.

Thousands of people marched through Madrid yesterday in protest against Spain's membership of Nato, Reuter reports from Madrid. Protesters accused the Socialist Government of violating the terms of a referendum held last March in which Spaniards voted to remain in Nato but outside its military structure.

Tunisians voted yesterday in general elections boycotted by the opposition and certain to result in an overwhelming victory for President Habib Bourguiba's ruling Destourian Socialist Party (PSD).

British Caledonian and the Nigerian Government yesterday settled their five-week dispute over a new fare structure for the profitable west African route, writes Michael Holman.

STATE PREMIER UPSETS POLL PREDICTIONS TO RECORD GREATEST TRIUMPH Sir Joh romps to victory in Queensland

BY CHRIS SHERWELL IN SYDNEY

QUEENSLAND'S right-wing National Party, led by Sir Johannes Bjelke-Petersen, its maverick Premier, upset all local predictions by securing enough seats in the assembly election on Saturday to rule the Australian state in its own right.

The result, Sir Joh's greatest victory in 18 years as Premier, gives him three more years in office and represents a setback for both the Liberal and Labor parties, in the state and federally.

With about four-fifths of the vote counted by Saturday night, the National Party had won 46 of the 80 seats in the state assembly. Labor had won 27 and the Liberals 10. The last six seats will be decided when counting resumes today.

The Nationals secured their victory with less than 40 per cent of the popular vote, underlining the support it received from the Queensland gerrymander, a demarcation of constituencies which heavily favours rural-based parties.

Local analysts and pollsters had been unanimous in agreeing before the election that Sir Joh could not win enough seats for the Nationals to rule alone and that a return to coalition with the Liberals was inevitable.

Instead, he did better than in 1983, when two Liberals had to be persuaded to cross the floor in order for the Nationals to secure a clear majority. Prior to that, the Nationals and Liberals had ruled Queensland in coalition for 26 years.

Labor, which received a higher percentage of the vote than the Nationals, was quick to blame the gerrymander for its performance, while the Liberals pointed to their lack of resources to combat the Nationals' expensive advertising onslaught, launched in the last few days of the bruising election campaign.

Mr Bob Hawke, the Labor Prime Minister, said the result spelled disaster for Mr John Howard, the Liberals' national leader. Senior National Party figures in Queensland also hinted that Mr Howard should consider stepping down.

Whether this means he should make way for Sir Joh is unclear. Speculation has intensified recently about the national ambitions of Sir Joh, 75. He reinforced this by saying on Saturday night that the "onslaught on Canberra" was to start immediately.

Mr Howard said the result was a disaster for the Labor Party, which had failed to improve its showing in Queensland and had received a vote against it of between 55 per cent and 56 per cent.

Iran-Iraq war dominates Gulf Arab summit meeting

LEADERS OF six Gulf Arab states yesterday began a summit meeting of the Gulf Cooperation Council, with the Iran-Iraq war the top item on their agenda, Reuter reports from Abu Dhabi.

The summit, the seventh since the GCC was formed in 1981, is due to discuss ways of ending the war and of protecting oil and shipping interests of the six member states from Gulf war attacks.

The GCC groups Saudi Arabia, Bahrain, Kuwait, Oman, Qatar and the United Arab Emirates. The Emir of Qatar, Sheikh Khalifa Bin Hamad al-Thani, said in an interview published yesterday that attacks on shipping in the Gulf constituted a "very serious escalation" of the conflict now in its seventh year.

Nearly 70 merchant vessels, mostly tankers, have been hit by either Iran or Iraq this year, against 46 for all of 1985. Many strikes have taken place in or near UAE or Qatari waters.

Some delegations to the summit included oil ministers. Abdullah Bishara, GCC secretary general, said developments in the oil market and their effect on Gulf economies would be discussed.

GCC economies have been battered over the last year by the plummeting price of oil, their main source of revenue. World oversupply pushed down the price of a barrel from \$30, when the leaders last met a year ago, to \$13 to \$15 now.

Sheikh Khalifa told the UAE newspaper al-Itihad that the so-called "tanker war" was as serious as attacks on civilian ships during the Second World War. "The most dangerous aspect of this threat is that it is being directed against civilian ships and tankers passing into and from countries which are not party to the conflict," he said.

He called for international efforts to implement a United Nations resolution which last month called for free navigation through the Gulf. Diplomats say the GCC leaders are likely to discuss joint measures to protect shipping. These include a proposed GCC naval force and expansion of coverage by Saudi-owned Airborne Warning and Control System (Awacs) planes to all six states.

The summit will discuss implementation of a joint defence strategy approved last year in Muscat. Sheikh Khalifa said it called for development of a Gulf arms industry, bilateral and unilateral manoeuvres and joint weapons purchases.

The summit will devote one of its three days to economic issues as the leaders discuss implementation of a 1981 agreement to "consolidate their economies. Among Arab issues on the agenda are Saudi mediation efforts between Syria and Iraq, last month's Arab League call for an Arab summit and efforts to unify Palestinian factions.

AP adds: The summit would examine six economic issues, mainly focusing on proposals to allow GCC citizens to invest in commercial and industrial projects in all member countries and to have access to loans from all government-owned banks and industrial development banks, conference officials said.

Adoption would mark the latest in a series of steps toward creating the Middle East equivalent of the European Common Market. The divisions in the Chad opposition and the rift between Col Gaddafi and Mr Goukouni Weddeye could pose problems for France in central Africa, diplomatic observers in Paris suggested at the weekend.

France retains about 1,000 soldiers in Chad as well as Jaguar aircraft to help defend the country against Libyan incursions. Despite Libya's agreement two years ago to pull out its troops from northern Chad, Tripoli is widely believed to have continued to maintain a presence in the north. Since the rift between Mr Goukouni Weddeye and Col Gaddafi, Mr Hissene Habre, leader of Chad, has been seeking to launch an initiative to try to recapture the north.

Cairo heads for \$1bn agreement with IMF

By Tony Walker in Cairo

EGYPT APPEARS at last to be moving towards an agreement with the International Monetary Fund on a package of economic reforms in return for assistance totalling about \$1bn (\$74m) over three years. Egyptian officials hope that an agreement in principle can be reached with the IMF this month and final approval given by the IMF Board for the beginning of an assistance programme by early next year.

The way would then be open for Egypt to go to the Paris Club to seek a comprehensive rescheduling of its official debt. Its largest creditors include the US, France and Spain, which have lent billions of dollars for arms purchases.

IMF and World Bank teams are now in Cairo for discussions on a rescue operation for Egypt's ailing economy. The two organisations are co-ordinating their efforts.

The latest IMF study of the Egyptian economy reported that foreign debt had reached \$36.6bn by the middle of this year. Arrears on debt service payments exceed \$4m.

The IMF is asking Egypt to liberalise interest rates, increase energy prices and unify its multi-tiered exchange rate, bringing about an effective devaluation.

Last week, Egypt appeared to move towards a unified rate when it announced that Egyptian officials abroad would have their salaries and allowances calculated at a rate of EEL80 to the dollar.

This is close to the free market rate of EEL90 to the dollar. Egypt's other rates of exchange include EEL35 to the dollar — the so-called tourist rate — and EEL70 to the dollar, used for budgetary purposes to calculate the cost of strategic imports such as food.

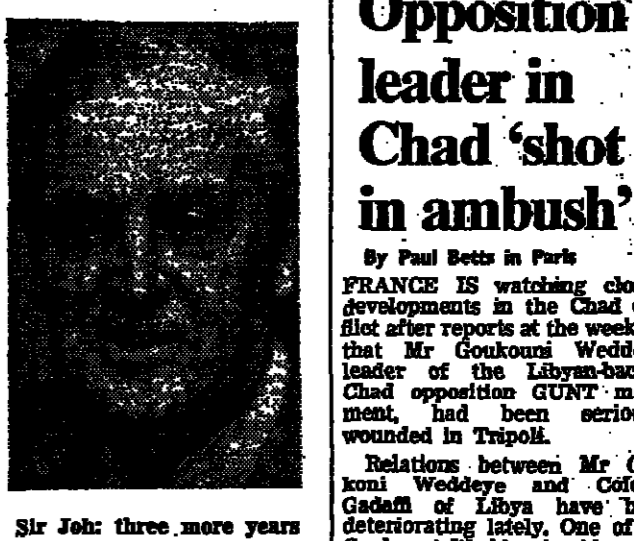
Western observers in Cairo believe that Egypt's serious financial difficulties leave it little choice but to make an arrangement with the IMF, since they're really out of money, and this has concentrated their thought processes," said one official.

The IMF report said that Egypt's "usable" foreign exchange reserves are down to \$800m. This is sufficient cover for less than one month's imports.

Mexico expects loan approval this month. DESPITE THE failure of private creditors to approve Mexico's \$6bn fresh money request before the IMF imposed October 31 deadline, Mexican officials said the loan will be granted and partially disbursed before the end of the year.

Mexico now expects the required 90 per cent of the commercial loan — a "critical mass" in IMF terms — to be subscribed by mid-November. Gustavo Petricoli, Finance Minister, said on Thursday.

The IMF and World Bank would then begin to release Mexico's multilateral loans, while the first private credit disbursement would be made a month later, Mr Petricoli said. Japan, which has agreed in principle to give Mexico another \$1bn in financial aid, has also made its lending contingent on the approval of private bank loans.



Sir Joh: three more years

Opposition leader in Chad 'shot in ambush'

By Paul Betts in Paris

FRANCE IS watching closely developments in the Chad conflict after reports at the weekend that Mr Goukouni Weddeye, leader of the Libyan-backed Chad opposition GUNT movement, had been seriously wounded in Tripoli.

Relations between Mr Goukouni Weddeye and Colonel Gaddafi of Libya have been deteriorating lately. One of Mr Goukouni Weddeye's aides said he was shot by Libyan soldiers in an ambush in Tripoli last week.

The divisions in the Chad opposition and the rift between Col Gaddafi and Mr Goukouni Weddeye could pose problems for France in central Africa, diplomatic observers in Paris suggested at the weekend.

France retains about 1,000 soldiers in Chad as well as Jaguar aircraft to help defend the country against Libyan incursions. Despite Libya's agreement two years ago to pull out its troops from northern Chad, Tripoli is widely believed to have continued to maintain a presence in the north.

Since the rift between Mr Goukouni Weddeye and Col Gaddafi, Mr Hissene Habre, leader of Chad, has been seeking to launch an initiative to try to recapture the north.



Service, above and beyond.

We don't just fly passengers. Each day we take thousands of individuals across the Atlantic. And to us, every one is a very important person. Today's Pan Am is a whole new feeling in luxury air travel.

From the glass of champagne as you settle into your luxurious new seat, to your own private terminal in New York. It's a commitment that's backed up by new standards of luxury throughout our

Today's Pan Am. You can't beat the experience.

747 fleet. There's even a complimentary helicopter service at J.F.K. to whisk First & Clipper® Class travellers into Manhattan. Once you've experienced Today's Pan Am you'll understand the real meaning of service. On the ground and in the air.

Advertisement for 'The Carphone Company' featuring a car phone. Text includes: 'Eyes on the road. Hands on the wheel. Client on the phone.' and 'A HANDS-FREE CARPHONE - JUST 5 1/2" x 2" x 1 1/2"'. Contact info: Tel. 01-749 9572, Telex 22272.

Vertical text on the left margin: 'number 3 1988', 'aign', 'lip', 'to Tokyo', 'ay reach', 'n target'.

OVERSEAS NEWS

Air force deal sparks Canadian political rumpus

BY BERNARD SIMON IN TORONTO

A BIG political row has erupted in Canada over a cabinet decision to award a C\$1.4bn (\$710m) maintenance contract for the Canadian Air Force's newest jet fighter to a Quebec company instead of the Western Canadian bidder favoured by the National Defence Department.

In what is widely interpreted as a bid to shore up the ruling Progressive Conservative Party's support in Quebec, the Federal Government has chosen Canadair, the Montreal-based aerospace group, to service 138 new CF-18 fighters.

Defence Department officials had supported a lower tender submitted by a consortium led by Bristol Aerospace of Winnipeg, a subsidiary of Rolls-Royce, the British engine maker.

The decision to give Canadair the 20-year contract has deeply angered western Canadian businessmen and politicians including Tory caucus members. It has inflamed the regional animosities which are never far from the surface in Canadian politics.

Mr Howard Pawley, Premier of Manitoba, said the award "was based on the most crude, the most crass of partisan considerations."

Bristol officials warned that the intrusion of politics into tendering would discourage foreign investment at a time when the Government was trying hard to attract it.

Resentment has been building up in western Canada against what is seen as an inadequate federal response to the decline in oil, gas and grain prices. The slump in these sectors has pushed the region's resource-based economy into recession while the industrial heartland of Ontario and Quebec enjoys strong growth.

The Government defended the contract award last Friday on the grounds that Canadair is a wholly-owned Canadian company and, unlike Bristol, is an aircraft manufacturer which can make better use of technology from the CF18's US supplier, McDonnell Douglas. Ministers denied the decision was politically motivated.

Venezuela 'will not pay bank's foreign debt'

By Joseph Mann in Caracas

VENEZUELA will not take responsibility for an estimated \$400m (£285m) owed to foreign banks by a bankrupt private commercial bank, Banco de Comercio, according to newspaper reports yesterday.

Citing unnamed sources close to the Central Bank, the reports indicated that the debt of Banco de Comercio and its subsidiaries, all of which was intervened by the Government in June last year, was contracted by its former owners before the authorities took over the institutions. Thus it is not a Government obligation.

Foreign banks have been pressing the Government for payment of the bank's offshore debts since it was taken over to avoid its collapse.

The Government's position now appears to be that it has no legal responsibility to pay the debts and that the foreign banks should pursue the bank's former owners, principally Mr Juan Vicente Ferraz Sandoval.

In the past, bankers said, they received assurances from government officials that some plan would be worked out for paying off Banco de Comercio's foreign debts.

Lionel Barber in Pennsylvania on a contest that has aroused national interest

Democrats hope for Philadelphia miracle

THERE IS a religious intensity about Congressman Bob Edgar's campaign for Senate in Pennsylvania.

Mr Edgar, 43, a boyish-looking ordained Methodist minister, is the nearest shade to green an American politician can get. He is liked by anti-nuclear groups, loved by the environmentalists, pro-choice on abortion and boasts one of the most liberal voting records in Congress.

But here is the rub: for 12 years he has represented a heavily Republican-registered district in Philadelphia's suburbs. Among his overwhelmingly young campaign workers he is known, therefore, as the "miracle worker."

Tomorrow he will have to work another miracle by overcoming a 15 to 20 point deficit in the polls to become Pennsylvania's first Democratic senator for 24 years.

The race for Senate, and for governor, has aroused national interest because it takes the temperature of a large industrial and farming state in search of a new identity.

Pennsylvania used to symbolise American industrial muscle. The country's first oil field was found here. The state was known as the Saudi Arabia of coal and its name was synonymous with steel.

Today, the steel towns south-east of Pittsburgh are near ghost towns. In the east, textile and shoe plants have been buried by foreign imports. In the past six years the state has lost 287,000 manufacturing jobs. Longer-term, Pennsylvania's population grew only from 9.8m to 11.8m from 1930 to 1980, one of the smallest rises among the large states.

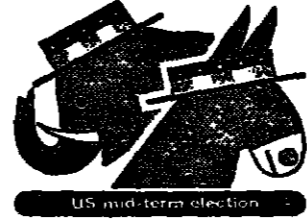
On the positive side, service industries have plugged some of the job gaps. The unemployment rate is below the national average, at under 7 per cent. Mid-state, the dairy farms have been nowhere near as hard hit as the crop farms in the mid-West.

Fresh twist

Congressman Edgar likes to tell listeners that one third of America's dilapidated bridges, 31,000 of them, are in Pennsylvania. He also reminds them that pollution in Scranton, the old anthracite town in the north, is so bad that people have to boil their water.

His answer is Rooseveltian public works programmes, with a fresh twist. He blocked in Congress, on the grounds of inefficiency, several pork barrel waterway projects of the sort favoured by old Democrats bordering the Mississippi delta.

He argues that the state should put up some of the cash and



US mid-term election

the ideas before picking up federal aid.

This distances him from his opponent, Senator Arlen Specter, who squeaked into the Senate in 1980 and has been running hard ever since. Even Senator Specter's supporters concede that he would take the pork, the barrel and anything else available from the Government in the interests of Pennsylvania. "Arlen," said his campaign manager, Mr Grant Woodrow, "is not a new product."

He has been an original in less obvious areas. A former district attorney from Philadelphia who gained a seat on the Senate judiciary committee, Senator Specter, 56, has applied his prosecutorial skills to investigate Josef Mengele, the dead Nazi, to interrogate Ms Linda Lovelace, the retired pornography star, and to question Mr Bernard Goetz, the New York subway vigilante.

Early against President Reagan in the Senate. His favourite phrase is "It's not easy being a Republican in Pennsylvania," which, coming from a former Democrat, rings true. So why did he swap political horses 20 years ago?

In the 1950s and 1960s the Democratic Party in urban Pennsylvania (and elsewhere in the US such as Chicago) was dominated by Irish and Italian Americans with strong Roman Catholic family ties and, sometimes, a stronger streak of corruption. The ethnic barriers facing Jewish liberals such as Mr Specter were formidable. Joining the Republicans and tackling corruption was a sure way of making a name for oneself.

Signs of change

Today, the Democrat machine has lost its vigour. Philadelphia has its first black mayor, Mr Wilson Goode. Mr Edgar beat the machine's first choice in a fourth primary. For the first time in years, the party is not running a split ticket between Pittsburgh in the east and Philadelphia in the west.

On the Republican side, there are signs of change too. The slight favourite for governor is William W. Scranton III, son of a former governor and descendant of the family which gave

its name to the earlier mentioned anthracite town.

Mr Scranton, junior, 39, dabbled with drugs 20 years ago and five years later endorsed George McGovern for president while playing published newspaper publisher with family money. Now he is a clean-cut yuppie figure whose "new generation" theme is attracting high-technology industry to the state to boost employment.

Mr Scranton's opponent is known as "the real Bob Casey." Mr Casey was thwarted twice for office in the 1970s when two mistakes led on to his popularity. His father was a miner, he has eight children and is strongly anti-abortion.

Having run three times and lost for the Democrat's gubernatorial nomination, he has some similarity with Mr Specter who lost three state political races in a row before making it to Washington.

This reveals a lesson in Pennsylvania politics: the best chance of winning in such a big state is by losing a few times. Mr Edgar, despite raising about \$1.5m (\$2.5m) for his campaign, is probably not well enough known to overhaul Mr Specter. Mr Scranton, thanks to his name, has an advantage and so it looks as if Pennsylvania will split its vote for the old and the new, a neat expression of a state in transition.

Issued by Morgan Grenfell & Co. Limited on behalf of Virgin Group Limited.

AFTER
THE BIG BANG
WE SUGGEST
A LITTLE POP.

Now that the dust has settled, you may be interested in one of the most flotation after October 27th. The Virgin Group's, in early November. Virgin is a music, retail and entertainment group, with a multi-million pound turnover, employing some 1600 people and operating in 17 countries. Virgin's record companies back over 100 artists, famous ones like Bill Collins, the Beatles, the Rolling Stones, Human Nature, the Police, the Jam, the Meters and the Animals. To be sure, Virgin's retail operation has outlets across Britain, including the famous Street Megastore. And Virgin's also involved in 'sunrise' businesses such as satellite TV and video. Now, Virgin is planning to go public. If you'd like to reserve your prospectus, please call 01-200 0200 now.

FROM THE ROCK MARKET TO THE STOCK MARKET.

US anti-apartheid challenge to Shell

BY TERRY DODSWORTH IN NEW YORK

THE US anti-apartheid movement is planning to step up its attack on corporate investment in South Africa by introducing shareholder resolutions at the next Royal Dutch Shell annual meeting in Europe.

The resolutions will call for the oil company to stop selling petroleum products to the country's police, military or other government agencies.

While similar resolutions have become commonplace in the US, this is the first time that US anti-apartheid campaigners have attempted to bring pressure on a foreign-based multinational.

Officials said they will be attending Shell's annual meeting in the Netherlands next year to support their stand.

The US anti-apartheid movement has been increasingly concerned that the divestment of US companies in South Africa was being undermined because some of the abandoned business was being picked up by other foreign groups.

The main sponsor of the move against Shell will be the New York City Teachers' Retirement System, one of the most active organisations in the anti-apartheid movement in the US.

It is being supported by the Interfaith Centre of Corporate Responsibility, an inter-denominational religious organisation, and the United Mineworkers of America union, which has recently been active in organising a US boycott of Shell products.

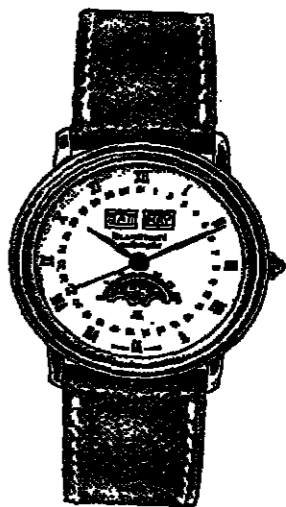
THREE motor industry unions have called on foreign companies withdrawing from South Africa to "bear the brunt of the results of apartheid" by making sure future earnings of local employees are guaranteed when the companies sold. A.P. reports from Johannesburg.

The joint statement, released at the weekend by the National Automobile and Allied Workers' Union, Metal and Allied Workers' Union, and Motor Industry Combined Workers' Union, condemned General Motors South Africa for its intention to sell its plants, dealerships and parts stores to local managers, which will be identified today.

Mr Eric Wollman, project manager in the New York controller's office, the department responsible for administering local authority funds, said that the Retirement System has convincing evidence that Shell has been supplying the police and military in South Africa.

So far, Shell has not responded to the request to table the resolution. If it does not accept the motion, Mr Wollman says it is likely that the controller's office will go to court in America to get it on record. This is a tactic which the controller's office has used previously with some effect against both domestic and foreign companies in battles to make its voice heard.

BLANCPAIN



Watches of Switzerland Ltd
HOROLOGISTS
16 New Bond Street, Mayfair, London W1Y 9PF
Tel: 01-493-5916
and at 22 Royal Exchange, EC3V 3LP Tel: 01-626-7321

JP 11/20/150

If only all printers were as reliable as Epsoms.

India were without Kapil Dev, because of a bruised finger, a legacy of the first Test, and England omitted Chris Cowdrey and fielded three spacemen.

Brighton Evening Argus

PART-TIME DENTON HALL & BURGIN SOLICITORS
Seek a **POOF READER** for their Word Processing Department.

The Standard

SUCCESSFUL businessman, widower, aged 44, unusual trappings, non-smoker with varied interests, seeks affectionate, understanding female to share the enjoyable things in life. Box No. 4881, Yorkshire Post Ltd., Leeds 1.

What Mrs Thatcher's closest friends are wondering is whether, as the signs suggest, she is beginning to suffer from metal fatigue.

The Guardian

A remittance prince? While the British press speculates that Prince Andrew is being sent to Lakefield College School to help Canada through a constitutional crisis, our sources tell us that the real reason for the prince's being sent to Cannanda in Michigan is that he's xing his ng \$!((prandi uc-ss - % BNOthb; cppy whhhhhenn c9990 (()) which issa' too sprising to those who know the boy's private interests.

Toronto Sun

Kit Patterson, Carlisle's clerk of the course, says: "The prospects for racing are very remote. There is snoot and frost on the course and we will hold an inspection at noon tomorrow."

Herald Express

LEWISHAM Leisure Centre is about to launch a new set of courses. Each of the weekly courses — all but one containing sex sessions — begins at the centre in Rennell Street in September.

Lewisham Outlook

GIBSON (Lt. Gen., U.K.), Richard Patrick Talbot Gibson: cr. 1975. Son of Thornaby Carbutt Gibson, B. Feb. 5, 1916; ed. Eton and Magdalen Coll. Oxford; m. July 14, 1945, Elizabeth Diana, d. of Hon. Clive Pearson. London Stock Exchange 1937. Served Middle East, 1939-46 (N. Africa 1940-41; F.O.W. 1941-43; Spec. Operations Westminister Press 1947, Dir. 1948. Dir. of Whitehall Securities Corp'n. 1948-50 and 1973. Dir. Financial Times Ltd. 1957. Chmn. 1976. Dir. Economist 1957. Dir. S. Pearson & Son 1960. Dep. Chmn. 1969. Chmn. Pearson Longman 1967. Chmn. Arts Council of Great Britain 1973-77. Chmn.-elect National Front. Cross-Bencher. Address: The Lord Gibson, Penn's Rocks, Cromeridge, Sussex. Brooks's and Garrick Clubs.

Publishers Correction

1978 Edition of **Dod's Parliamentary Companion**
Reference to Lord Gibson's biography on page 122; for National Front read **NATIONAL TRUST**.

DOG KENNEL, suit medium sized dog. Good condition. Very turdy. Buyer collects £9.99, 19 Beaupre Ave, Outwell, after 6 pm or weekends.

Wisbech Standard

The operation to trap the gang began on Friday when a man arrived from Morocco on a car ferry. His car was followed to Prestwick where police pounced.

The Guardian

Perhaps the only disappointment of the championships from the British point of view was the defeat of Ade Mafe in the 200 metres at the hands of that good American sprinter Mel Lottany. It was in this Cosford stadium this time last year that Ade first hit the headlines by eating Lottany but yesterday he was not mentally tuned for another big race so soon after his silver medal performance in the world indoor games in Paris last weekend.

The Observer

GREENWOLD, Florence May. — Late of 163 Bergholt Road, Colchester. A simple, kind, and loving old lady who died with great dignity at Ambleside, Wood Lane, Fordham Heath, Colchester on Saturday, April 3, 1982 at 3.10pm. Loved by family and friends who know her will.

Essex County Standard

The conference's attitude was indicated by the almost total lack of applause after Mr Wilson's 30-minute speech while Engineering Union leader Bryan Stanley was greeted with sustained crapping when he put the anti-common market case.

Times of Zambia

HOW dare Ian Craig report that the Conservative party conference was inspired by Dave Eager's "daft speech." (Mrs) M E Booth, Clayton.

FOOTNOTE: Sorry. A technical fault. It should have read "deft" instead of "daft."

Manchester Evening News

Five thugs last night pulled the British passenger ship Capetown Castle clear of the sandbank on which she went aground at Flushing early yesterday.

Irish News and Belfast Morning News

Thought For Today

The whole wrod is in a state of chassis.

—Sean O' Casey

The Rising Nepal

While sympathising with the miners and arguing the British government could have acted to end the strike, Jessica Larive-Groenendaal (Neth) said she and her Liberal colleagues could not support a strike called without a ballot.

European Parliament News

Dapper eloquent Mr. Thorpe strenuously denies charges that, with three other accused men, he plotted the murder of Norman Scott, who claims that he and the politician were once homosexual lovers.

Athens News

United goalkeeper, Stepany, went full length to save from Hector and then, in the 18th minute, saved an almost certain goal when he bravely died at the feet of Davies.

The Gloucester Citizen

Enkalon is to get £1,500,000 via the Northern Ireland Office to keep the textiles and carpet yarn factory open for another seven months.

The Daily Getelaph

MADRID, (R) — Catholic nuns of the Mission of Jesus, Mary and Joseph, with a television success behind them and Mother Superior Francisca at the guitar, are bidding here for fame and fortune in the pope charts.

Evening Post

GREG NORMAN, hot favourite for the Card Classic at Royal Portcawl, missed a five-inch putt on the 11th green yesterday.

The blind Australian tried to tap in the tiddler one-handed but hit the ground with his putter and only just moved the ball.

Sporting Life

Spandau secret diaries

By **ALBERT SPEER**

"Spandau: The secret diaries" will be one of the outstanding books of 1976. Extracts will appear only in THE SUNDAY TELEGRAPH.

QUALITY CONTROL IN PRINTING Short Course 11-13 October 1978.

PETER Daisley of Daisley Associates Limited, consultants in Quality Management, is again collaborating with the London College of Printing in organising a Quality Control in Printing short course.

Journal and Graphic Review

LORD Snowdon greeted Princess Margaret as she flew into Heathrow today with a welcoming hiss.

Evening Mail

Richard Burton to teach English at Oforxd

The Scotsman

THAT OLD black magic has finally worked its spell on Highgate's own wicked witch David Farrant. He has fallen in love — and he says he's giving up witchcraft for ever. The girl who has lured Farrant away from midnight rituals in Highgate cemetery is 26-year-old Nancy O'Hoski, a speechech therapist from Grimsby.

Hornsey Journal

On the bottle

A bottle of whisky and a bottle of sherry, together worth £3 10s, were stolen by a burglar who forced a window of a house in Grandfield Avenue, Radcliffe-on-Trent, last night.

Nottingham Evening Post and Standard

Lights test aims to spot dyslexia

As he follows lines of print, the normal reader moves his eyes jump, stop to absorb one or eyges jump, sop to absorb one or more words, then jump again. The fast reader will make shorter stops and fewer jumps, taking in more words more quickly than the slow reader.

The Sunday Times

PALACE, S CC. 01-437 6854. From Sept. 17. The Fabulous New Production of **OKLAHOMA!**

The Times

SHEFFIELD UNITED yesterday became the first of those teams at the top or the bottom to have their fate settled when they were relegated to the Second Division. United's First Division life, slowly ebbing away since the start of the season, came to a painful end at Tottenham, where they were hammered 5-0 through goals by Willie Young, John Duncan, Steve Perryman (2) and Farth Chivers.

The Sunday Times

Make no mistake — Epson printers are the most reliable type in the world.

The only time they ever strike is when their print heads hit the paper. The superb-quality LQ2500 will do this 200 million times before it gives out, and even the most basic model can manage 100 million.

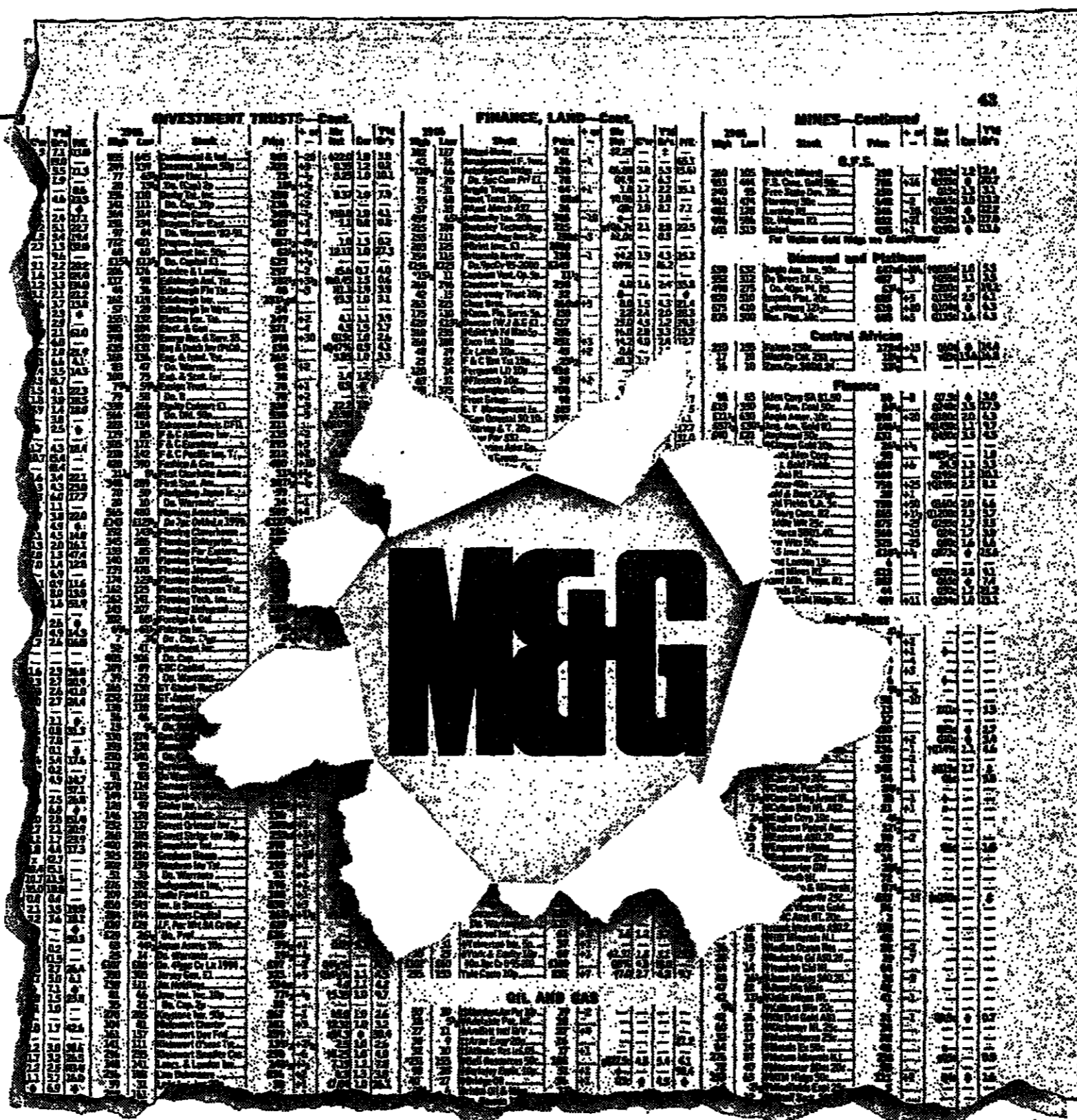
An Epson will always make sure you look the part — but with any other printer, you could end up looking the prat.

EPSON

For further information on the Epson computer printer range, either write to Epson (UK) Limited, Freeport, Birmingham B37 5BR; call up Prestel *280#; or dial 100 and ask for Freefone Epson.

TRIOMPHE, 92, Champs-Elysees, Tel. 45-78. No George-V. Seances: 14h, 16h 18h, 20h, 22h. Film: 25 mt apres. Sem. at veille de fêtes: séance suppl. à 24h. Pl.: 14 F. C.O. EMMANUELLE (English Subtitles)

L'Officiel des Spectacles (Paris)



Soon, 28,000,000 shares in M&G will be made available to the public

Within the next week, Kleinwort Benson intends to offer for sale 28,000,000 of the ordinary shares it holds in M&G Group P.L.C.

During the past 55 years, M&G has grown to become one of the leading investment management companies in Britain.

M&G launched the country's first unit trust in 1931, and is today the largest unit trust management company in the United Kingdom.

M&G has developed other aspects of personal finance, too. Savers and investors can choose from a wide range of personal pension and life assurance plans. In addition, M&G manages the investment of exempt pension funds and charities, and overseas funds.

M&G concentrates on long-term investment management, does not intend to diversify into unfamiliar activities, and always maintains a characteristically independent approach.

Above all, M&G maintains the highest possible standards of service to its customers and intermediaries.

To register your interest in the forthcoming share offer, and to reserve your copy of the offer for sale document, which will include an application form, complete and return the coupon.

Or telephone 01-388 1966 today.

ISSUED BY KLEINWORT BENSON LIMITED ON BEHALF OF KLEINWORT BENSON LONSDALE plc

REGISTER YOUR INTEREST TODAY

M&G SHARE INFORMATION SERVICE

Please send me, without obligation, the M&G Group offer for sale document when available.
(PLEASE COMPLETE IN BLOCK LETTERS)

(Mr) Mr Mrs Miss or (write) title _____

Forename(s) _____

Surname _____

Address _____

Postcode _____ A2

When completed please send to:
Kleinwort Benson Limited, M&G Share Information Office,
FREEPOST, Melksham, Wiltshire SN12 7BR.

150 11/86

Australia cuts chemical and plastics tariffs

THE AUSTRALIAN Government has announced a reduction in tariffs on imported chemicals and plastics as part of a restructuring of the protected domestic industry. The move follows a report from the Industries Assistance Commission which highlighted a number of anomalies in the existing tariff structure which had distorted investment decisions and led to inefficiencies. Chemical and plastics users have welcomed the changes, which cut the top tariff from 45 per cent to 15 per cent over a three-to-five-year period from next February. But producers are unhappy. The decision is significant because it has been made by a Labor Government worried about jobs as it heads for a general election due by 1988. The party is already resisting action to cut tariffs protecting the textiles, clothing and footwear industries. The chemicals and plastics industry is estimated to have a combined turnover of \$3.1bn (\$4.4bn) annually, and accounts for some 10 per cent of manufacturing employment. Job losses are a certainty in the rationalisation which accompanies the latest changes, but the Government hopes its decision will bring increased investment and activity with a net gain in employment. The main thrust of the new policy is to reduce tariff levels to a maximum long-term rate of 15 per cent. General rates on basic chemicals will be cut to 10 per cent or lower over five years to 1992. Rates below 15 per cent on finished and intermediate goods, however, will be lifted to 10 or 15 per cent from next February. Such affected items include nylon and acrylic goods, soap and small detergent packs. Facing a cut from the top rate of 45 per cent to 15 per cent is high-density polyethylene resin, while aromatic dicumyl diols are to be slashed from 40 per cent to zero or 2 per cent. Meanwhile, in a separate but related development last week, the Government said it would establish an anti-dumping tribunal to monitor the import of goods at less than their proper value.

Taiwan looks to future without martial law

AN OLD MAN remembers going down to the harbour in 1945 with hundreds of his fellow-Taiwanese to welcome the Chinese who along with their allies had just defeated Japan and returned Taiwan to Chinese rule. The excitement turned to dismay as the troops disembarked. Far from the cultured beings they had expected, the ships contained the dregs of Chiang Kai-shek's forces on mainland China: soldiers who could not be counted on to fight when attacked, officials whose reliability was questionable. "We were shocked when we saw them," the old man said. "Their uniforms were ragged, their manners were terrible. They looked like country bumpkins. A lot of them acted like they had never even seen a bicycle before." Thus began Taiwan's association with the Chinese from the mainland and things were to get a lot worse before they got better last month, when the Nationalist Government lifted martial law after nearly 40 years. The Chinese from the mainland were unfavourably with their earlier Japanese conquerors by the Taiwanese. The Japanese had built transport networks, brought in industry, and introduced more universal, if basic, education. Their strict laws ensured public order and a law-abiding spirit among the population. Despite heavy damage to the island's industry and infrastructure during the war, Taiwan's industry and standard of living in 1945 ranked far ahead of that in China. The relative wealth created friction between the new occupation forces and the Taiwanese. Although some tales undoubtedly apocryphal, people have related how soldiers invaded classrooms and robbed students; while others insist that some officials ruled Taiwan like a private fiefdom, stripping it of its wealth and goods to sell on the mainland black market. The abuses culminated in what are known as the 2-28 incidents; when a planned delivery of a petition of grievances to officials in 1947 turned into a bloodbath. Survivors recall seeing the dead stacked up at the railway station and others tell of people killed or maimed at random by maddened troops. When Chiang Kai-shek himself arrived in 1949 with some of his more reliable supporters, things began to improve. The Nationalists set about trying to popularise their government in exile through such means as land reform. But in 1949 Chiang also declared martial law. Most personal rights guaranteed by the 1946 constitution were suspended, and remained so until it was decided last month that the Communist



PEKING has responded to Taipei's decision to lift martial law by saying that "in fact it should have been removed long ago." Bob King reports from Taiwan. The Foreign Ministry statement claimed the authorities had used martial law to "control and suppress the ordinary people of Taiwan under the pretext of resisting Communism." Peking also noted that Taiwan plans to draft legislation to incorporate some parts of the military provisions of martial law, and thus did not predict what the ultimate effect would be.

ing; unknown assailants murdered the six-year-old twin daughters of a prominent dissident while he was in jail awaiting trial on sedition charges. Two years ago gangsters acting on orders from the head of Taiwan Intelligence murdered a Chinese-American author and journalist in the US. Censors still regularly black over the simplified Chinese characters now used on the mainland whenever they appear in foreign publications circulating in Taiwan, and reporters and editors at major publications know enough to censor themselves on certain sensitive issues. It is not as bad as it used to be, when publications that even mentioned China were confiscated and few people dared to discuss either Communist or Taiwanese dissidents except in slogans condemning them. Over the past few years the Government and the people have loosened up considerably, and martial law has for years formed the only strong rallying point for native critics of Nationalist rule. The Government has in recent years responded to its critics by claiming that martial law does not affect people's lives. Military courts however routinely try and convict civilians, and security agents have harassed people considered "suspect." A dissident Taiwanese professor back from the US on a visit "fell" from a build-

Aquino studies rebel truce offer

PRESIDENT Corason Aquino's Government was yesterday closely studying an unprecedented 100-day ceasefire offer made yesterday by Philippine communist rebels, Reuter reports from Manila. A presidential palace source said Mrs Aquino, who has actively pursued peace efforts since coming to power in February, had not commented on the truce offer. Mr Joker Arroyo, presidential executive secretary, said the Government's peace emissaries would discuss the rebel offer with other officials before the palace makes known its position. Mr Saturnino Ocampo and Mr Antonio Zamel, two communist negotiators, said they were ready to implement the truce from December 10, which is International Human Rights Day, but they laid down several conditions for temporary ending hostilities. These include disarming the Government's paramilitary units, confining police to peace-keeping functions and dismantling private armies and death squads. Mr Juan Ponce Enrile, Defence Minister, has attacked Mrs Aquino's soft approach towards communist rebels who have been fighting the Government since 1969.

Tanker market confused by Yamani's departure

THE REPLACEMENT of Sheikh Ahmed Zaki Yamani by Mr Hisham Nazer as Saudi Arabian Oil Minister threw the tanker market into confusion at the end of last week, and buyers said prices would continue to move erratically until confidence returned. Ironically, the upset in the market occurred just as an increase in activity was beginning to make some inroads into the surplus of available tonnage waiting to load in the Gulf. E. A. Gibson, the London shipbroker, said about 14 very large and ultra-large crude carriers had been fixed during the week, though rates benefited only slightly. Owners were said to be negotiating at rates slightly above Worldscale 20, compared with rates of rather less than 20 previously. Some increase in rates was also reported for medium-sized tonnage of around 150,000 deadweight tonnes, with the market reaching Worldscale 27.5 for discharge in the US and Worldscale 40 for Europe. There was rather less activity in the dry cargo markets, which has been affected by the recent weakness in the tanker market. Brokers said rates for ships in the range from 100,000-125,000 dw tonnes were up to 20 per cent below the levels of a month ago. Time charter rates for Panamax-size ships - the largest vessels able to pass through the Panama Canal - were said to be fluctuating erratically, ranging from \$4,000 to \$5,000 a day.

General Dynamics beats Northrop to fighter deal

GENERAL DYNAMICS has beaten Northrop to a bitter Northrop long-contested contract to supply 270 fighter aircraft to the US Air Force for more than \$3.5bn (\$4.4bn). As a consolation prize, Northrop was awarded a design study for a fighter to come into service in the 1990s. The Pentagon cut costs by choosing an upgraded version of General Dynamics' existing F-16 aircraft rather than the new F-20 which Northrop had developed at a cost of about \$1bn. The decision could mean the end of the F-20 programme which was Northrop's ill-fated attempt to produce an inexpensive modern fighter which would appeal to air forces around the world. It has yet to attract a buyer. Many features of the F-20 could be used, however, in the prototype of the next generation of combat aircraft which Northrop will design in conjunction with McDonnell Douglas. The Pentagon will choose between it and a competing model to be designed by a team consisting of Lockheed, General Dynamics and Boeing. Production contracts ultimately worth some \$85bn will go to the winner of this second contest. Under the F-16 contract, General Dynamics will update existing F-16A aircraft at a cost of \$65bn. The fighters, to be used by all 11 Air National Guard squadrons in the US, are intended to defend the country against incoming enemy bombers. The updated aircraft in turn will be replaced in their present squadron by new F-16C aircraft at a cost of around \$3bn.

Fokker near end of talks for F-100 fanjet order

FOKKER, the Dutch aircraft manufacturer, said it was near completion in its negotiations for a large order for its new F-100 fanjet aircraft model was being considered for a further order, Reuter reports from Amsterdam. A Fokker official said negotiations for a firm order of an unspecified number of F-100s with further options were being completed with Guinness Peat Aviation of Ireland, the aircraft leasing group, and Spectrum Capital, a UK subsidiary of Japanese Mitsubishi Trust and Banking Corporation. The Fokker official declined comment on Dutch media reports saying that the order amounted to 40 F-100s with options on a further 60. He would not give details before a Fokker news conference on Wednesday. In London, a Spectrum Capital official said it was hoped the three parties would sign a contract next week. The Fokker spokesman said Fokker was also in the running for a F-50 order from Scandinavian Airlines Systems (SAS). Other alternative suitors being studied by SAS were the Airbus produced jointly by France's Aérospatiale and Italy's Alitalia, and Saab-Scania's Saab 340 model, he added.

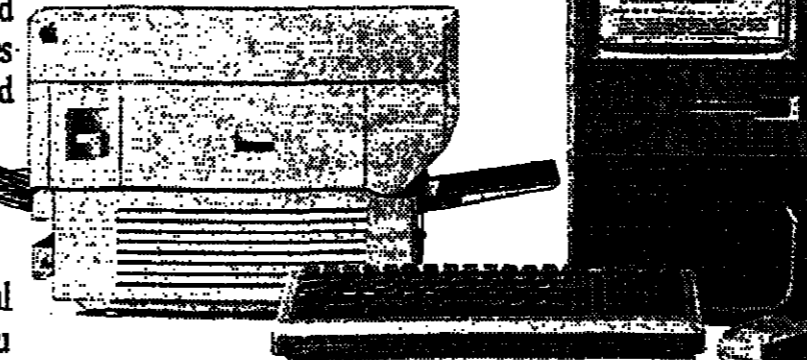
World Economic Indicators

Table with columns: Country, Industrial Production (1990=100), and % change over previous year. Rows include US, UK, West Germany, France, Italy, and Netherlands.

PRESS RELEASE. 14th September, 1986. Magnapix's latest. Magnapix has today announced the release of their latest film, 'Giving and Taking'. A blockbuster of a love story set in wartime Europe, it's directed by William Healey and stars Jim Roberts, Philippa Baldwin and Karl Kretschmar-Schuldorff. Based on the best-selling autobiography of Belinda Ballantyne, 'Giving and Taking' tells the story of a young Englishwoman (played by Baldwin) who is married to a German (Kretschmar-Schuldorff). When war breaks out, he is drafted and eventually sent to the Russian Front. WW2 Heroism. During the years to come, Baldwin has more to cope with than three children, the Allied bombing, the neighbours' hostility and the authorities' suspicions. She also meets, and falls in love with, a Canadian intelligence officer masquerading as a Swiss cultural attaché (Roberts). When Kretschmar-Schuldorff loses his legs to a partisan's grenade and is sent home, he begins to suspect that Baldwin is having an affair. But that is only half the truth - she is also actively engaged in helping Roberts with his espionage work. Whilst under the influence of home-made schnapps, Kretschmar-Schuldorff confides his anguish over his wife's infidelity to a neighbour, who is, unfortunately, an informer (played by the great old character actor, Tim Baynes). Baynes discovers that Roberts is a spy, and informs on both him and Baldwin. Self-Sacrifice. Confronted by the hurt and angry Kretschmar-Schuldorff, Baldwin and Roberts confess their anti-Nazi activities, just as the Gestapo arrive outside their apartment building to arrest them. Kretschmar-Schuldorff, in order to distract the Gestapo and give Baldwin, Roberts and the children time to escape across the roof, drags himself over to the window and throws himself out. In a recent interview on the set of his next film, William Healey, the director, spoke at some length about 'Giving and Taking'. "It's a story that asks me to look at the sheer scale of the human sacrifice involved. First, you have old Kretschmar-Schuldorff defending his country, although he disagrees with the policies of the Nazi party. Then Baldwin and Roberts risking their own lives to spy for the Allies. And finally, of course, Kretschmar-Schuldorff making the ultimate sacrifice, for his wife and the man who had stolen her love."

PRESS RELEASE. 14th September, 1986. Magnapix's latest. Magnapix has today announced the release of their latest film, 'Giving and Taking'. A blockbuster of a love story set in wartime Europe, it's directed by William Healey and stars Jim Roberts, Philippa Baldwin and Karl Kretschmar-Schuldorff. Based on the best-selling autobiography of Belinda Ballantyne, 'Giving and Taking' tells the story of a young Englishwoman (played by Baldwin) who is married to a German (Kretschmar-Schuldorff). When war breaks out, he is drafted and eventually sent to the Russian Front. WW2 Heroism. During the years to come, Baldwin has more to cope with than three children, the Allied bombing, the neighbours' hostility and the authorities' suspicions. She also meets, and falls in love with, a Canadian intelligence officer masquerading as a Swiss cultural attaché (Roberts). When Kretschmar-Schuldorff loses his legs to a partisan's grenade and is sent home, he begins to suspect that Baldwin is having an affair. But that is only half the truth - she is also actively engaged in helping Roberts with his espionage work. Whilst under the influence of home-made schnapps, Kretschmar-Schuldorff confides his anguish over his wife's infidelity to a neighbour, who is, unfortunately, an informer (played by the great old character actor, Tim Baynes). Baynes discovers that Roberts is a spy, and informs on both him and Baldwin. Self-Sacrifice. Confronted by the hurt and angry Kretschmar-Schuldorff, Baldwin and Roberts confess their anti-Nazi activities, just as the Gestapo arrive outside their apartment building to arrest them. Kretschmar-Schuldorff, in order to distract the Gestapo and give Baldwin, Roberts and the children time to escape across the roof, drags himself over to the window and throws himself out. In a recent interview on the set of his next film, William Healey, the director, spoke at some length about 'Giving and Taking'. "It's a story that asks me to look at the sheer scale of the human sacrifice involved. First, you have old Kretschmar-Schuldorff defending his country, although he disagrees with the policies of the Nazi party. Then Baldwin and Roberts risking their own lives to spy for the Allies. And finally, of course, Kretschmar-Schuldorff making the ultimate sacrifice, for his wife and the man who had stolen her love."

The bare facts. All dressed up. At a brief glance, these two sheets are very different. The one on the right looks worthy of closer inspection - it appears to have interesting information to convey. Whereas you could be forgiven for conveying the one on the left to the rubbish bin. Of course, they both say exactly the same thing. But it's the way they say it that makes the difference. And the "well-written" one was composed on the Apple™ Desktop Writer System. An integral part of that system is the software known as Microsoft Word™. This is what allows you to use various typefaces, in different styles and sizes. It enables you to insert footnotes and headers in your document. It paginates the entire document by itself. And used in conjunction with other software, it permits the inclusion of graphs, illustrations and spreadsheets. But those are just the technical facts. More importantly, it helps you communicate your ideas in a clear and compelling fashion. Whether they be contained in a presentation, a brochure, a newsletter, or a humble memo. And if you use Apple's LaserWriter™ to print out your work, you'll have an artwork-quality piece. You can buy the Writer System now at the special price of £2,995 - a saving of £470 off the list price. Then you have a choice of printers: either the ImageWriter II™ or the LaserWriter. If you'd like to try it out first, a Test Drive is easily arranged. For more information, post the coupon, dial 100 and ask for Freephone Apple, or contact your local Apple Dealer.



UK NEWS

World airlines 'heading for net operating loss'

By Michael Donne, Aerospace Correspondent

THE MAJOR world airlines are likely to incur a net operating loss on their international scheduled services during the current year, compared with a profit of \$200m in 1985.

Mr Gunter Eser, director general of the International Air Transport Association (IATA), representing 144 major airlines, will warn them at the association's annual meeting in Montreal today that the prospects for the current year are not encouraging.

His annual "state of the industry" report declares that in the first seven months of this year, capacity (the number of seats offered for sale) was still being added to the airline system at a rate far in excess of actual traffic growth.

At the same time, load factors (the amount of capacity actually sold) continued to fall.

Traffic on the North Atlantic route suffered from a combination of reaction to terrorism, the effects of the Chernobyl disaster and the falling dollar. After allowing for interest charges, a net operating loss is foreseen for IATA international scheduled services in 1986.

The total system-wide (international and domestic, scheduled and charter services) result for all the

IATA airlines last year was a net profit after interest of \$900m, of which international scheduled services accounted for \$200m.

This was the third year in succession that the airline industry had achieved a profit, following the heavy losses during the recession years of the early 1980s, but Mr Eser stresses that the net results "have been diminishing, and are still well below the levels needed to finance future development."

He points out that by the mid-1990s, the IATA member airlines will need to acquire at least 4,000 new aircraft, of which some 1,800 will be needed to replace existing ageing aircraft.

"With spare and other fixed assets, the investment required will be between \$150bn and \$200bn, including some \$100bn for international scheduled services."

The industry, he says, is still a long way short of being able to finance investments of this order. Pre-tax profits are running at only about 1 and 2 per cent of revenues, considerably below the minimum level required to finance major new equipment investments.

One of the industry's major financial difficulties is the continued

high level of "blocked earnings" - cash legitimately earned through ticket sales which governments in many countries, especially in Africa and the Middle East, decline to allow the airlines to take away.

Although efforts over the past year have enabled the airlines to recover about \$800m of this money, there is still some \$610m locked up or delayed in transit - enough to revolutionise the industry's overall financial situation if allowed to be recovered.

In the Middle East, the total amount outstanding for six Arab airlines is about \$260m, and efforts are being made to resolve this problem in conjunction with the Arab Carriers Organisation.

The airlines' costs are also rising in other directions. Insurance premium rates on aircraft have risen in the first half of 1986 by over 10 per cent while some airlines have had rises of more than 50 per cent in liability rates. Furthermore, most airlines have had their cover reduced in one form or another.

This has led the airlines to set up their own insurance company, Airline Mutual Insurance, and airlines are now being asked to participate in that organisation.

Cuisine Anglaise comes into its own

By David Churchill

A REVIVAL of British cooking in restaurants throughout the UK over the past year is about to put British cuisine on the international culinary map and may spell the end of *nouvelle cuisine* in the UK, claims the latest edition of the Good Food Guide published today.

"When even a year ago there seemed to be no sign of a national cooking with its own identity, suddenly here it is," reports the guide, published by the Consumers' Association and Hodder & Stoughton.

"For the first time since the end of rationing (after the Second World War), British cooks are producing British dishes that bear comparison to the major cuisines," it says.

The guide's author, Mr Drew Smith, comments that British cooks have "come out of the French shadow and the all-embracing, Gallic-inspired influences of continental cuisine."

This new British style of cooking can be identified in four different ways:

- A revival of some of Britain's traditional puddings, such as bread-and-butter, jam ruly-poly, and treacle tart.
- Seasonal and changing menus depending on market supplies.
- Heavy reliance on vegetables.
- Cheesebreads with the new farmhouse cheeses, such as Cotswolds, Satterleigh and Swalesdale.

The guide lists more than 100 restaurants where this new-style British cooking can be found and lists 100 others which might fulfil some of the criteria.

One feature of the new British cooking, Mr Smith points out, is that far from emulating the high prices of French restaurants, most places have managed to keep prices below £20 a head. "At this time of inflationary restaurant prices, this is commendable," he says.

Good Food Guide, Consumers' Association and Hodder & Stoughton, £9.95. Available, post free, from the subscription department, Consumers' Association, PO Box 44, Hertford, SG14 1SH, England.

Minister seeks more trade union reform

By John Hunt

MR Kenneth Clarke, the Employment Minister, indicated yesterday that he would like to see further legislation to give trade union members a bigger say in the running of their unions.

"The success of our policies to date convinces me that we should now think carefully whether the time is right to take the process a stage further," he said.

It was not enough for Conservatives to congratulate themselves on the Government's record of union reform. They still had a long way to go to secure better industrial relations.

They had to build on that progress and make it clear that they had a vision to shape policies on trade union reform in the future.

Pru-Bache is behind McCorquodale plan

By David Goodhart

PRUDENTIAL-BACHE Securities, part of the Prudential Insurance Corporation of America, has emerged as the key institution behind the proposed £156m management buy-out at printing group McCorquodale.

If successful, the deal, which has been formally backed by the McCorquodale board, will be the biggest UK-based management buy-out. It is also the first major move by Pru-Bache in the UK and follows the arrival two months ago of Mr John MacArthur, former deputy head of corporate finance at Kleinwort Benson, as chairman of its merchant banking division.

Plans for the buy-out completed last Saturday morning, were first suggested three weeks ago by Mr MacArthur.

It is designed to fend off the hostile £145m bid from Norton Opex, which had been due to close this Friday.

The buy-out is led by Mr John Holloran, McCorquodale chief executive; Mr Simon Williams, head of the US operation; Mr Nick Heroy, finance director; and Mr Geoff Dee, company secretary. The four men are personally raising £200,000 (Mr Holloran has remortgaged his house) out of a £1m management stake, with the remaining £700,000 coming from the top 26 executives.

This "sweet equity" stake will represent a disproportionately large 5 per cent of the equity. A further £50m equity is coming from buy-out specialists, Electric and Globe investment trusts, and Candover Investments.

Company Announcements

THE KUOK GROUP OF COMPANIES
IS PLEASED TO ANNOUNCE THE APPOINTMENT OF
MR CHARLES KRALJ
CONSULTANT TO THE GROUP
His office is located at:
353 Strand, London WC2R 0NS England
Tel: (01) 240 5915
Telex: 28993/23605 KSMYUK G

The Kuok Group of Companies has its principal offices in the following Countries:

MALAYSIA
Kuok Brothers Sdn. Bhd.
18th Floor, Wisma Jernah, 38 Jalan Sultan Ismail,
50250 Kuala Lumpur, Malaysia
Tel: (603) 2424388
Telex: 09431321 MASUMA MA

SINGAPORE
Kuok (Singapore) Limited
13-15 Carpenter Street, Singapore 0105
Tel: (65) 522588
Telex: 06722622 KUOK RS

HONG KONG
Kerry Trading Co Limited
14th Floor, World Wide House
19 Des Voeux Road, Central, Hong Kong
Tel: (5) 257211
Telex: 75427/83715 KERRY HX

Company Notices

Kleinwort Benson
With effect from 1st November 1986 the Kleinwort Benson Limited mortgage rate will be 12% per annum, and the personal loan base rate will be 11% per annum.

TRANS-NATAL COAL CORPORATION (Incorporated in the Republic of South Africa, Registration No. 63/01000/06)
ANNUAL GENERAL MEETING
NOTICE IS HEREBY GIVEN that the twenty-ninth annual general meeting of the members of the above company will be held in the boardroom (fourth floor, Union Corporation Building, 74-75 Leadenhall Street, Johannesburg), on 26 November 1986 at 10.00 a.m.
Per pro. GENCO (P.L.) LIMITED, London Secretaries, 20 St. Mark Place, London EC4A 3DF

NATIONAL BANK OF HUNGARY
U.S.\$50,000,000 8 1/4% BONDS 1987
NOTICE IS HEREBY GIVEN that holders of U.S.\$50,000,000 of the Bonds have exercised their right for the redemption of their bonds in full at 100.00% on 1st November 1986, following such redemption the nominal amount of U.S.\$5,585,000.

Fiscal Agent and Principal Paying Agent
Morgan Grenfell & Co. Limited
25 Great Winchester Street
London EC2R 2AX
3rd November, 1986

CHEMICAL NEW YORK CORP
US\$500,000,000 Floating Rate Senior Notes due 1989
In accordance with the provisions of the Notes notice is hereby given that for the interest period from October 31st, 1986 to November 28th, 1986 the Notes carry an interest rate of 6 1/4% per annum. The interest payable on the relevant interest payment date, November 28th 1986 against coupon No. 29 will be US\$49,67 per US\$10,000 Note.
Agent Bank, Chemical Bank

US\$300,000,000 CAISSE NATIONALE DES TELECOMMUNICATIONS Floating Rate Notes due 2000
Notice is hereby given that the next interest period chosen by Caisse Nationale des Telecommunications is one month, beginning November 15th, 1986.
The Fiscal Agent
BANQUE NATIONALE (Luxembourg) SA

Contracts and Tenders

LOTHIAN REGIONAL COUNCIL
Tenders are invited for the supply, delivery, installation and commissioning of:
TOLL REGISTRATION REPLACEMENT COMPUTER SYSTEM FOR THE FORTH ROAD BRIDGE
Return Date: 5th December 1986
Tender documents are available from the Director of Finance, Lothian Regional Council, Central Purchasing Unit, Springwell House, Ardmillan Terrace, Edinburgh EH11 2JL. Tel: 031-337 8541. The tenders should be returned intact by the specified date and in the official envelope provided to the Regional Secretary, Lothian Regional Council, Regional Headquarters, George IV Bridge, Edinburgh EH1 1UQ.

Art Galleries
MARTIN GREGORY, "Georgian House Redcovered", 18th century restoration views of country houses, Nov. 3rd-15th Mon-Fri 10am-5pm, Sat (10am-1pm), 24 Ferry Street, St. James's, London SW1 SAU (01-839 3751).

Clubs
EYE has outlined the others because of a policy of sale, buy and wait for money. Since from 10.30 am. Clubs had the machine, telephone business, getting down to 188, South St. W1, 01-724 0857.

Personal

TURKISH MEDITERRANIAN COAST
Prime land with planning permission to build Touristic Hotel, Leisure Complex, 36,000 sq m (8.9 acres), 70 kms to Antalya Airport, 80 m beach, 200 m sea coast.
FOR SALE/LEASE
ALSO JOINT VENTURE FOR DEVELOPMENT IS A POSSIBILITY
LAND PROPERTY
P.O. Box 523, London NW4 6SQ Tel: 941991 MIKEX G

Red Hall, Barbican Exhibition Centre, London EC2. 4-6 November 1986

THE ACCOUNTANTS' EXHIBITION

Open until 5.30pm
Wednesday 5th and Thursday 6th November

From the fourth till the sixth of November the Accountants' Exhibition comes to the Barbican. Three days of the most exciting innovation from some of the best established companies servicing the profession.
Once again the exhibition encompasses all areas from computers to leasing, from venture capital to office equipment. With each product of specific interest for those involved in finance. Be it commerce, private practice or public service.

ENTRY FREE WITH BUSINESS CARD

BIG CONNECTIONS

AND SMALL ONES.

The world today requires air travel on a scale far grander than any known in the past. Iberia the International Airlines of Spain, has risen to that challenge. We link 21 European cities, 15 Middle Eastern and African cities, and 27 cities throughout North and South America. Our international capabilities in fact earned Iberia stature as the third largest airline in all of Europe. We also operate the biggest network of domestic airports in western Europe. Come fly the world on Iberia. Our connections are very convenient and our credentials impeccable.

Our experience as a major airline has taught us that passengers want to be treated as people first. Whether it's serving an extra cup of hot coffee to a weary businessman or treating a first time flyer to an unexpected gift. We try never to forget that a heartfelt smile, a simple courtesy, can turn the most ordinary flight into an enjoyable journey. Call your travel agent today and suggest Iberia. We just may be the airline you've been waiting for.

IBERIA

THE BEST CONNECTIONS IN THE WORLD MEAN NOTHING IF AN AIRLINE FORGETS THE HUMAN ONE.

UK NEWS

Government 'on course to reach 25p tax goal'

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

THE GOVERNMENT has scope to cut the basic rate of tax from 28p to 27p next year and to achieve its long-term goal of a 25p basic rate in 1988, the London Business School forecasts today.

The cuts, however, would be at the expense of tax control of public borrowing and a worsening of Britain's trade position, the independent forecasting organisation says in its latest quarterly Economic Outlook.

Tax cuts and a strong improvement in Britain's export performance are expected to stimulate stronger growth in the economy over the next two years, with output rising by 3 per cent in 1987 and by slightly more in 1988.

The LBS predicts, however, that the pace of growth will not be enough to bring down unemployment and that the consumer boom will continue to suck in imports.

The number of adults unemployed will remain at 3.2m while the current account of the balance of payments is likely to go into deficit next year for the first time since 1979.

A weakening trade position suggests that the Government should act to reduce its public-sector borrowing requirement, but the LBS says that it does not expect Mr Nigel Lawson, Chancellor of the Exchequer, to forgo the opportunity for tax cuts ahead of the next general election. The Outlook also assumes significant overshoots in public spending ahead of the election.

Turning to inflation, the Outlook forecasts a steady increase in the pace of price rises but is optimistic that a fall in the level of wage settlements will provide a moderating influence.

If wages continue to rise strongly, however, the current account will deteriorate further and the inflation rate will rise much faster.

Investors warned to beware of con-men

BY HUGO DIXON

THE SECURITIES and Investments Board, the new financial regulatory body, has brought out a booklet, *Self-defence for Investors*, in conjunction with the City of London Police. It is the first step in what is intended to be a long-running fraud-prevention campaign.

By teaching people to develop a sceptical attitude to investment salesmen, the booklet seeks to drive con-men out of business. It sums up with the slogan: "Investing without thinking can seriously damage your wealth."

"The fact that the vast majority of investment practitioners are honest is small comfort to those who have lost their life savings to a con-man," said Sir Kenneth Berrill, SIB's chairman. "And the damage done by those who succeed in tricking members of the public into dubious, wholly unsuitable or even non-existent investments is out of all proportion to the numbers of such fraudsters."

The booklet, aimed at the inexperienced investor, outlines some of the tricks used to dupe people into parting with their money and how they should be interpreted. One example is the play: "These shares are about to be listed on a major stock exchange, and we are offering a limited number of them to first-time clients at a special pre-listing discount rate."

Investors, says SIB, should translate it as follows: "This company, if it exists at all, is leading as many shares as we can talk punters like you into buying. I suppose we might float it one day if people are credulous enough, but we haven't applied to anybody yet. If we do, it certainly won't be anyone as choosy as the London or New York stock exchanges. They do too much checking."

Self defence for investors, SIB, 3 Royal Exchange Buildings, Cornhill, London EC3V 3NL, free.

Youthful taste for music

BY DAVID THOMAS

ALMOST HALF of British adults buy at least one record album or pre-recorded cassette a year, according to a new survey of the British public's music buying habits by the polling organisation Gallup.

Young men are the keenest buyers. Over half (53 per cent) aged 16-24 buy at least one album or cassette a month compared with 31 per cent of women in the same age group.

The figure falls sharply in older age groups. Only 26 per cent of men and 19 per cent of women aged 25-34 buy at least one album or cassette a month.

In the rock-'n'-roll generation - people aged 35-44 - 54 per cent of men and 43 per cent of women buy at least one record a year.

Keep Britain Tidy Group
Patron: Her Majesty Queen Elizabeth the Queen Mother

Message from the Secretary of State for Scotland

My new duties as Secretary of State for Scotland cover a wide range of activities, not least of which are those aimed at improving and caring for the environment. These duties bring me face to face with the problem of litter. Litter is unsightly, offensive and unnecessary and I firmly believe that we must convince offenders that their actions are totally unacceptable to the rest of the community.

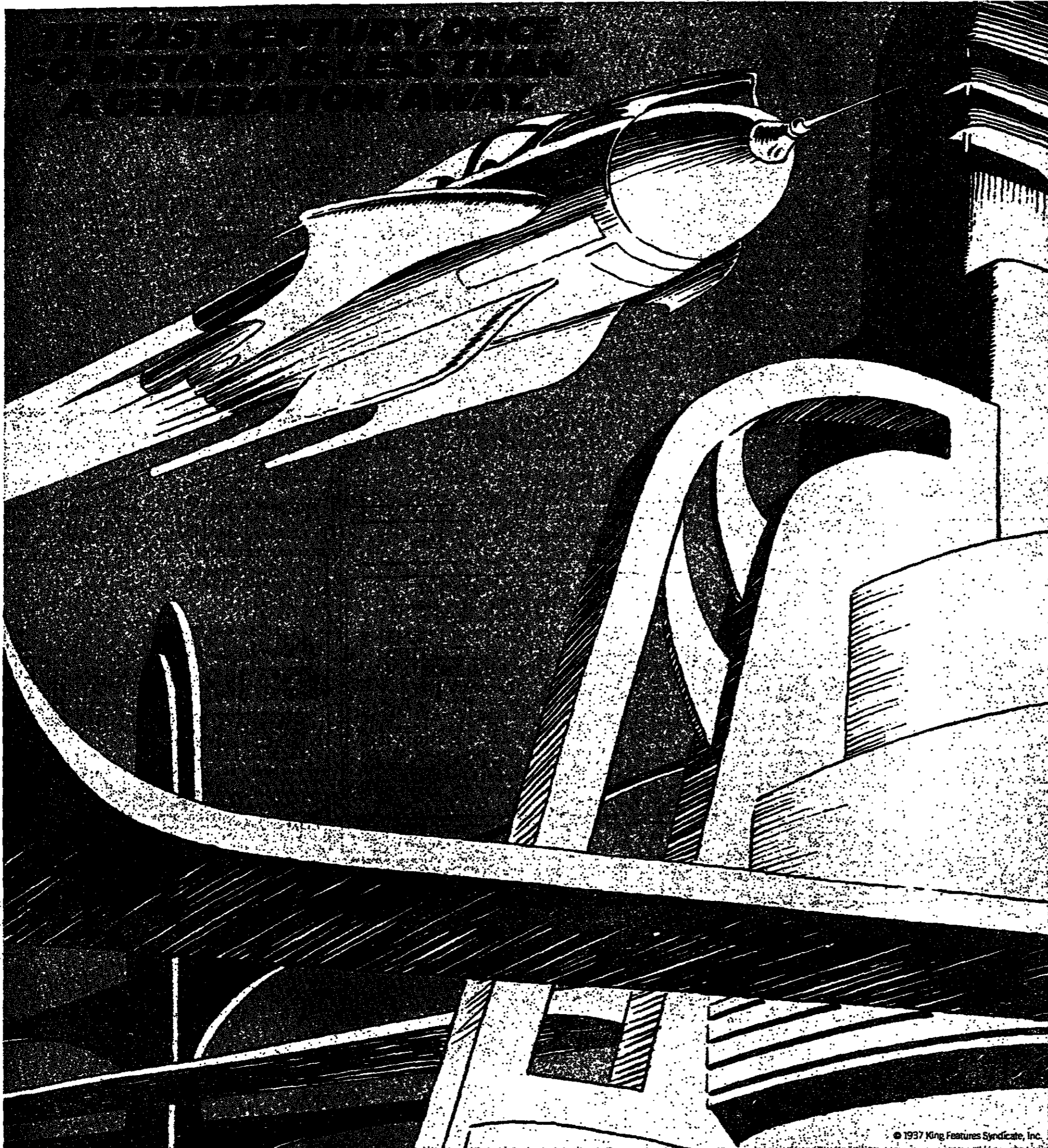
I believe that the way forward is through education and I am delighted to see the progress the Keep Britain Tidy Group has made in persuading local authorities to adopt the Community Environment Programme. More than half of all Scottish local authorities now have either fully operational project teams or are in the process of recruiting staff. Some remarkable results have already been achieved in Scotland but pride of place must surely go to Carrnack and Doon Valley District and Moronwell District, both with measured litter reductions of over 50%. This level of achievement must be built upon in other areas, and I see no better way than through the Group's presence in our schools and through their co-operation with local communities, businesses and industry.

I congratulate everyone involved in the Scottish campaign, the management staff of the Regional Headquarters in Dundee, the CEP project teams, the local authorities and the Margover Services Committee. They all have a share in the achievements already gained and I would like to take this opportunity to record my personal appreciation of their work. I wish the Group and the Keep Scotland Tidy Campaign every success in coming years.

Malcolm Fraser
Malcolm Fraser

The CBI says "Clean Up - it's Good Business"
Please consider contributions and joint sponsorship schemes
Keep Scotland Beautiful, Old County Chambers, Cathedral Square, Dundee FK16 0AQ
Tel: (0783) 822022
Keep Britain Tidy Group, Social House, 37 West Street, Brighton BN1 2HE
Tel: (0273) 23585. Registered Charity no. 205576

Extracted from the Group's Annual Report 1985/86.



"Lingan's ship roars out of Mingo..." From Flash Gordon Comic Strip, 1939.

Once, gearing a company for the 21st Century would have counted as long-range planning. But the next century is next door now.

And any company that wants a significant place in the future has to consider whether its businesses, literally, have a future.

At TRINOVA, we began thinking about the future some time ago. And it's reflected in the corporation we've become, and the products we make.

You see, our operating companies—Aeroquip, Vickers and Sterling Engineered Products—

manufacture thousands of products other manufacturers need. Some \$1.4 billion worth.

Equally to the point, in our businesses (power and motion control, and plastics) we're market leaders.

Well, as leaders, we've begun applying certain principles that we're convinced will become more and more a part of manufacturing.

Meaning what, exactly? Absolute quality, for one. Customers always looked for quality. But nowadays, they insist on it. And there's the principle of cost effectiveness.

Which involves not just making products that contribute to our bottom line, but to our customers' bottom line.

Finally, the pursuit of technological excellence. A pursuit that goes beyond the factory floor, into every corner of our corporate life.

If these principles made sense before, they'll be even more crucial in the future.

Which is why we feel the urgency about making them part of our thinking and our products.

The Twenty-First Century is, after all, only 14 years away.

TRINOVA INTO THE 21ST CENTURY.™

© 1986 TRINOVA Corporation (Ticker symbol: TRV) 1705 Indian Wood Circle, Maumee, Ohio 43537

DELTA FLIES FROM 6 MAJOR EUROPEAN CITIES TO OVER 100 U.S.A. CITIES COAST-TO-COAST.

From New York to Texas, from Florida to California, Delta flies you to just about anywhere in the U.S.A. Catch Delta from Frankfurt to Atlanta, or to Dallas/Ft. Worth. In either city you make easy Delta-to-Delta connections to major cities across the U.S.A. Delta also has daily service from the New York and Boston gateways to cities across the U.S.A. Call your Travel Agent. Or call Delta in Frankfurt on 069 25 60 30, in Munich 12 99 061, in Stuttgart 22 62 191. Delta Ticket Offices are at Friedenstrasse 7, 6000 Frankfurt/Main, Maximilianplatz 17, Munich, Koenigstrasse 1B, Stuttgart.

DELTA GETS YOU THERE
Also to the U.S.A. from Munich, Stuttgart, London, Shannon, Paris.

Schedules are subject to change without notice.

John D. ...

UK NEWS

Battered north-east faces gloomy future

Anthony Moreton reports on a controversial survey

ENGLAND'S north-east is one of the most disadvantaged regions within the EEC. Cleveland has the highest unemployment rate of any county in England, and south Tyneside has the highest urban rate in Britain.

The Government's picture of the state of the UK's assisted regions is contained in a 17-volume document, Regional Development Programme, 1988-90, presented to the European Economic Community last July.

The document is part of the Government's case for more assistance from the European Regional Development Fund. The 17 volumes were not officially released by the Department of Trade and Industry, the department responsible for regional policy, but were placed in the House of Commons library where they can only be consulted by MPs.

Although the structure of the economy, traditionally based on heavy industry, has changed substantially over the last 20 to 30 years the proportion of those in primary and manufacturing industry is still higher than the national average.

Newer high-technology industries have fought shy of moving into the north-east so that there has been a relatively low take-up of national aid schemes to support innovation. According to the report, the north-east shows all the signs of a depressed region that has experienced a long and continuing economic recession and outward migration.

Taken as a whole they present a bleak picture of the most disadvantaged parts of the UK. Unemployment is projected to stay above 3m in 1990, and considerable spending on infrastructure, especially roads, sewerage, water, telecommunications and environmental facilities, is thought necessary in all the regions if they are to be brought up to the level of the rest of the UK.

The programme has to be seen, though, in the light of its being a submission to the EEC for grants from the European regional fund. It therefore paints a picture of Britain with the worst particularly prominent. The Government has all along hoped that regional money from Brussels would go some way towards offsetting Britain's payments into the Common Agricultural Policy.

health standards, high unemployment and some poor housing are all endemic. No alleviation of the unemployment situation can be expected until a number of other more fundamental problems have been resolved. The weak economic structure, for instance, has too few new growth industries, a relatively undeveloped small business sector, under-representation of service industries and an over-representation

of industries where employment is declining. Within the infrastructure, more investment is needed in communications, water supply and land drainage, gas, waste disposal, telecommunications and serviced industrial land. There are too many unqualified manual workers and a lot of environmental degradation. On top of these, there is social deprivation, especially in inner-city areas.

To overcome this situation there must be a continuing attempt to improve efficiency and competitiveness and the region must find a way to improve its image.

The low level of private investment means that public-sector agencies will have to play a major role in any stimulation of economic activity. The broad objective should be to provide sites and premises of the correct size and price to reflect market requirements.

There have been plus points, especially the arrival of the Nissan motor plant. This success has highlighted the importance of local authorities identifying and developing strategic sites suitable for large-scale mobile industrial projects.

The unfavourable industrial structure and continuing loss of jobs, taken with the limited amount of footloose industry, poor image of the area and continuing restraint on public spending will all affect the north-east's ability to respond to an upturn in the national economy.

A significant increase in jobs is unlikely in the short term. Progress will depend on local ability to generate new work.

The region will have to exploit its full potential in the promotion of high-technology industries. Progressions for the economy during the years covered by the study are gloomy.

Labour pledges job agencies for English regions

BY ANTHONY MORETON, REGIONAL AFFAIRS EDITOR

THE Labour Party will review the map of assisted Britain if it is returned to government at the next general election. It will also create agencies for some of the English regions along the lines of those established 10 years ago in Wales and Scotland.

Mr Gordon Brown, Labour's spokesman on regional affairs, said that, as a result of the party's commitment to create 1m jobs during the early years of the next parliament, the assisted areas would be given priority because this was where unemployment was most severe.

"Regional policy is a relatively effective way of creating jobs," he said. "There are question marks over whether the present policy merely shifts jobs from one region to another, but Labour would be able to put far more into a regional approach because there would be big savings on unemployment pay as the level of joblessness is reduced."

The party has clearly not committed itself to the number of English agencies that would be set up, but one in the north-east is considered almost certain.

Other features in the Labour programme are likely to be enhanced powers for the existing Scottish and Welsh development agencies, more power to local enterprise boards and local councils being given specific powers to assist them in their work on industrial development.

Mr Brown attacked the assumptions in the government document, Programme for Action, 1988-90, sent in July to the European Economic Community's regional directorate, that unemployment would remain well over 3m at the end of the period.

That was "totally untenable," he said. "We must also get away from the brain-drain syndrome that has done so much harm to the regions. The answer is to stimulate indigenous industry within these areas."

Mr Brown refused to be drawn on how much Labour's plans would cost. "Regional policy is part of the competing demands on government and how much we can spend on it will vary much depend on how total resources are allocated at the time among competing departments."

Farmers' borrowing doubles

By Andrew Gowers

FARMERS' bank borrowings have more than doubled in real terms over the past 10 years, and agricultural debt has doubled as a percentage of total farm assets, according to Lloyds Bank's latest Economic Bulletin, published today.

At the same time, it points out, the value of farmland - which is the main item which farmers use as collateral for loans - has roughly halved since 1979.

These statements are likely to fuel the growing debate about the economic and financial health of British agriculture in view of a sharp fall in farm incomes over the past decade and of fears that further declines may be on the way.

However, the bulletin, written by Mr Christopher Johnson, the bank's chief economic adviser, argues that there is no cause for alarm. It says that, while there is bound to be an increase in the number of farm bankruptcies "at the margin," farmers' debt liabilities in general are still only about 15 per cent of total assets.

"A gearing ratio of one to five and a half is conservative by any standards and would be envied by most sectors of industry," Mr Johnson writes. "It can be shown that UK agriculture still has a healthier balance sheet than its counterpart in most other countries, even though farm debt has also risen more steeply."

Lloyds Bank Economic Bulletin, Lloyds Bank Economics Department, 11, Lombard St, London EC3.

ISSUES OF GOVERNMENT STOCK

The Bank of England announces that Her Majesty's Treasury has created on 31st October 1988, and has issued to the Bank, additional amounts as indicated of each of the following Stocks:

£250 million	10 per cent CONVERSION STOCK, 1988
£50 million	9 1/2 per cent CONVERSION STOCK, 2004
£50 million	8 1/2 per cent TREASURY LOAN, 2007
£50 million	2 1/2 per cent INDEX-LINKED TREASURY STOCK, 2009

The price paid by the Bank on issue was in each case the middle market price of the relevant Stock at 3.30 p.m. on 31st October 1988 as certified by the Government Broker.

In addition, Her Majesty's Treasury has created on 31st October 1988, and has issued to the National Debt Commissioners for public funds under their management, additional amounts as indicated of each of the following Stocks:

£150 million	11 per cent EXCHEQUER STOCK, 1988
£150 million	10 1/2 per cent EXCHEQUER STOCK, 1987

In each case, the amount issued on 31st October 1988 represents a further tranche of the relevant Stock, ranking in all respects pari passu with that Stock and subject to the terms and conditions applicable to that Stock, and subject also to the provision contained in the final paragraph of this notice; the current provisions for Capital Gains Tax are described below.

Application has been made to the Council of The Stock Exchange for each further tranche of stock to be admitted to the Official List. Copies of the prospectuses for 10 1/2 per cent Exchequer Convertible Stock, 1988 dated 22nd November 1988 (which contained the terms of issue of 10 per cent Conversion Stock, 1988), 10 per cent Treasury Loan, 2007 dated 19th July 1988 and 2 1/2 per cent Index-Linked Treasury Stock, 2009 dated 19th July 1988 may be obtained at the Bank of England, New Issues, Wellington Street, London, EC4A 3AA. The Stocks are repayable, and interest is payable half-yearly on the dates shown below (in the case of 2 1/2 per cent Index-Linked Treasury Stock, 2009 provision is made in the prospectus for stockholders to be offered the right of early redemption under certain circumstances):

Stock	Redemption date	Interest payment dates
10 per cent Conversion Stock, 1988	15th November 1988	15th May 1988
9 1/2 per cent Conversion Stock, 2004	25th October 2004	25th April 2004
8 1/2 per cent Treasury Loan, 2007	16th July 2007	16th January 2007
2 1/2 per cent Index-Linked Treasury Stock, 2009	20th May 2009	20th May 2009

10 per cent Conversion Stock, 1988, 9 1/2 per cent Conversion Stock, 2004 and 8 1/2 per cent Treasury Loan, 2007 are repayable at par. Both the principal of and the interest on 2 1/2 per cent Index-Linked Treasury Stock, 2009 are indexed to the General Index of Retail Prices. The index figure relevant to any month is the published seven months previously and relating to the month before the month of publication. The index figure relevant to the month of issue of 2 1/2 per cent Index-Linked Treasury Stock, 2009 is that relating to February 1982 (310.7). The relevant index figure will be used for the purposes of calculating payments of principal and interest due in respect of the further tranche of Stock.

The relevant index figures for the half-yearly interest payments on 2 1/2 per cent Index-Linked Treasury Stock, 2009 are as follows:

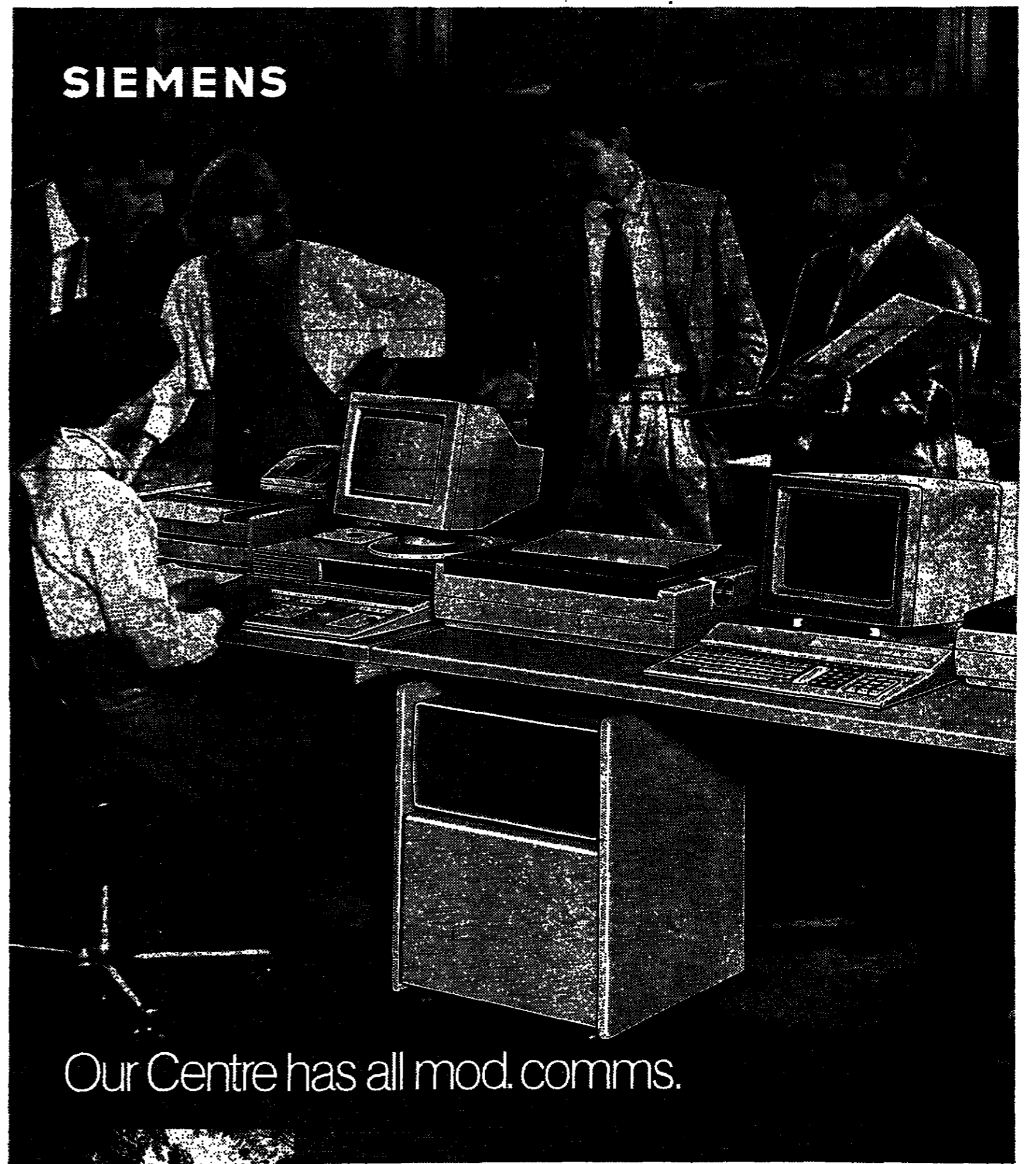
Interest payable	Published in	Relating to
May	October of the previous year	September
November	April of the same year	March

The further tranches of 10 per cent Conversion Stock, 1988 and 2 1/2 per cent Index-Linked Treasury Stock, 2009 have been issued on an ex-dividend basis and will not rank for the interest payments due on 15th November 1988 and 20th November 1988 respectively on the existing Stocks. The further tranche of 8 1/2 per cent Treasury Loan, 2007 will rank for the interest payment of £3.7198 per cent due on 16th January 1987. The further tranche of 9 1/2 per cent Conversion Stock, 2004 will rank for a full six months' interest on 25th April 1987. Official dealings in the Stocks on The Stock Exchange are expected to commence on Monday, 3rd November 1988.

10 per cent Conversion Stock, 1988 and 8 1/2 per cent Treasury Loan, 2007 will be specified, and 9 1/2 per cent Conversion Stock, 2004 and 2 1/2 per cent Index-Linked Treasury Stock, 2009 are specified, under paragraph 1 of Schedule 2 to the Capital Gains Tax Act 1979 as gilt-edged securities (under current legislation exempt from tax on capital gains, irrespective of the period for which the Stock is held).

Government statement: Attention is drawn to the statement issued by Her Majesty's Treasury on 28th May 1988 which explained that, in the interest of the orderly conduct of fiscal policy, neither Her Majesty's Government nor the Bank of England or their respective servants or agents undertake to disclose tax changes decided on but not yet announced, even where they may specifically affect the terms on which, or the conditions under which, these further tranches of stock are issued or sold by or on behalf of the Government or the Bank; that no responsibility can therefore be accepted for any omission to make such disclosure; and that such omission shall neither render any transaction liable to be set aside nor give rise to any claim for compensation.

BANK OF ENGLAND LONDON 31st October 1988



Our Centre has all mod. comms.



St. Catherine's House, Feltham, Middlesex.

If you hadn't previously thought of Feltham, Middlesex as a centre of office and business technology, be prepared to change your mind. Because that's the home of the Siemens Consultancy Centre.

It's rare to find so many different communication and information systems in one place. But it's even more remarkable to be able to see how they solve business communication problems.

There are computers, laser and inkjet printers, teletext, telex, facsimile machines, PABX and telephone network systems. Plus the people who can answer any questions you may have.

Few companies in the world could advise on such a wide range of high quality integrated business and communication systems. Only one company in the UK has them all ready for demonstration and delivery. In Feltham, Middlesex.

Siemens is one of the world's largest and most innovative electrical and electronics companies. Here in the UK we employ around 3000 people in Research & Development, Manufacturing, Engineering, Service and other customer related activities.

Siemens technology embraces computer and business communication systems, telecommunication networks, electronic components, power engineering, industrial automation and medical engineering.

Siemens Limited, Siemens House Windmill Road, Sunbury-on-Thames Middlesex TW16 7HS Telephone: 0932 785891

Innovation · Technology · Quality : Siemens

UK NEWS

Europe's top fertiliser producers hit by crisis

Plastics sales set to rise

By Tony Jackson

THIRD-QUARTER figures last week from ICI, good though they were overall, confirmed one depressing and important fact: the European fertiliser industry is in deep trouble and could stay that way.

ICI, Britain's leading producer, made a 10th of its profits - £99m - from fertiliser last year. This year it will make nothing at all - in the third quarter its fertiliser business moved into loss, and it may well turn in a loss for the year as a whole.

Europe's leading producer, the Norwegian group Norsk Hydro, had produced still worse news the previous week. In the third quarter its fertiliser division, plagued by plant closures and difficulties with raw material pricing, lost £25m, having made a profit of over £20m in the same period the year before.

Producers are quick to draw attention to a number of short-term problems afflicting the market. But behind them lie some deep-seated difficulties which could prove more permanent.

The biggest immediate problem, producers agree, is the Soviet Union. Starved of hard currency by the fall in the oil price, Russian producers have reportedly been selling urea (a form of nitrogenous fertiliser) at a Black Sea price as low as \$65 a tonne.

This is certainly well below the cost of production. It also works out at a price to the UK farmer of around £95 a tonne, which is below ICI's cost of production for ammonium nitrate, the Western European equivalent of urea. But ICI has had to match it all the same.

Mr Ken Atkins, strategic planner at ICI's fertiliser division, says: "They will import around 300,000 tonnes of urea to the UK this year, which is around the same as last year. But it would have been over 500,000 tonnes if we hadn't dropped our prices by 25 per cent. We cannot make money at that level, and the only reason we've done it is to keep imported urea out."

Norsk Hydro puts it tersely: "ICI are bleeding, and so are we." At present, the EEC is looking in to alleged dumping of urea by eight countries in the Middle East as well as the Eastern bloc. But the problem has, in fact, been building up for several years.

In the late 1970s, a number of countries in Eastern Europe and the developing world began ambitious expansion plans in urea. By

Tony Jackson on how cheap urea imports are adding to existing pressures

the early 1980s the plants were on stream. Surplus production went to two main markets, India and China. "Both these countries", says Mr Atkins, "have now dropped the scale of their purchases. It's likely to stay that way - they've got their own act together. That leaves more urea on world markets."

The pressure on European producers, apparent for several years, has become correspondingly acute. Mr David Aitken, of London consultants Ferticon, says: "The industry has really been in trouble for five years, which is why Norsk Hydro was able to buy up loss-making companies which their owners were happy to sell. But this is the first time people like Norsk, ICI and the Germans are starting to hurt as well."

This year saw other problems too. Mr Petter Gudmundsen, European sales co-ordinator for Norsk Hydro, says: "Spring was very late, and only lasted a couple of days. Warehouses were overflowing with fertiliser, and this was just at the time when buyers were demanding lower prices because of the fall in the oil price."

But perhaps farmers, who are supposedly under pressure from the EEC to reduce their surpluses, are turning away from fertiliser use anyway?

Not according to the UK's National Farmers' Union. "If you have your use of nitrogen," says an NFU spokesman, "you reduce your wheat yield by 10 per cent. But look at the sums."

"Nitrogen costs around £80 a hectare, and you get around seven tonnes of wheat a hectare at £100 a tonne. If you halve the nitrogen you save £30, but you lose a tonne of wheat. That's why the industry doesn't believe there will be a cut-back in nitrogen use unless there is official action to enforce it."

Again, producers do not believe that the environmental lobby, which objects to the excessive use of nitrogen on various grounds, is making much headway yet. But the threat of lower EEC farm

spending, it is a problem unlikely to go away.

Even without that, the outlook is tough. Mr Ken Atkins of ICI says: "Worldwide, we expect growth of 5 per cent a year for the next 10 years. People are not investing in nitrogen fertiliser fast enough to cope with that since they're not getting the return. So the world urea situation should harden by 1990."

That, on the other hand, is still four years away, and the European scene looks less cheerful.

"Our guess", Mr Atkins says, "is that nothing will happen with EEC farm policy in the next five years to have a dramatic effect on use of nitrogen. So we're projecting a level market, or maybe a decline of 1 per cent a year. That leaves too much capacity in Europe, and by the normal processes of competition that will certainly lead to rationalisation."

Although it has been suggested in the industry that ICI itself would not be sorry to get rid of a commodity business like fertilisers, the group has gone out of its way lately to affirm its commitment to agriculture. Mr Denis Henderson, ICI's chairman elect, said last week: "ICI takes the long view. We are determined to be a major force in agriculture well into the 21st century."

Then again, this could be the kind of same-sounding normally indulged in by the chemical industry when rationalisation is in the air. Unless fertiliser producers are prepared to live with continued losses, someone will have to crack.

BRITAIN'S plastics producers expect their sales volume to carry on rising this year, but they do not expect a further improvement in their profit margins and, although prices have been falling over the past year, the trend is now expected to reverse.

The annual survey by the British Plastics Federation, covering the year to April, shows 88 per cent of plastics producers reporting better profit margins last year although in the current year 60 per cent expect margins to stay unchanged. While 65 per cent said their prices fell last year, 82 per cent now hope for a rise of between 5 per cent and 10 per cent.

The improvement in profitability in the past year has been due to the fall in the oil price, which has reduced feedstock prices by more than the fall in the price of finished goods.

The plastics producers' customers, the plastic processing companies, benefited from the fall in plastics prices last year, with over half - 54 per cent - reporting an improvement in profit margins, while over 70 per cent said sales volumes had increased. By contrast with the 65 per cent of plastics suppliers who saw prices fall last year, only 18 per cent of processors reduced their selling prices.

The outlook for processors in the current year also seems cheerful. Two thirds said they expected a further improvement in profit margins.



Some things speak for themselves.

Sabena. Savoir faire in the air.

And savoir faire means that we care.

Sabena people know what it feels like to fly for the first time. In fact, a number of Sabena flight attendants got their first experience of flying as children. So it's easy for them to put themselves in a child's shoes.

All our passengers deserve to be pampered. That's why our specially trained cabin staff give you the same friendly attention whether you're travelling Economy, Business, or First Class. They know that little things can make a big difference. Their competence and

concern make travel with Sabena a real pleasure.

And should you depart from or arrive at Brussels International airport, you'll be delighted by the friendly, hassle-free atmosphere. And it's only minutes from the heart of Brussels.

Whether you travel for business or for pleasure, you can trust Sabena's savoir faire.

Your travel agent or Sabena office has all the details.

Make sure you're booked aboard **SABENA** BELGIAN WORLD AIRLINES

ALCATEL
 Corporation organized under French law (Société Anonyme)
 Capital: French francs 255,575,700
 Registered Head Office: 12, rue de la Banque, 75006 PARIS (FRANCE)
 Headquarters: 33, rue Emery, 75725 PARIS CEDEX 15
 Trade register: R.C.S. PARIS 8 542 162 522
FIRST NOTICE TO HOLDERS OF BONDS 10 1/2% 1986-1991 CONVERTIBLE INTO BEARER SHARES
 The holders of international convertible bonds 10 1/2% 1986-1991 issued by ALCATEL are called to an extraordinary General Meeting to be held at 37, rue du Rocher, PARIS 8ème (FRANCE), on November 18 1986, at 3 p.m., in order to consider the following agenda:
 - Communication of the Board of Directors relating to a proposal of partial transfer of assets from ALCATEL to ALCATEL TELECOMMUNICATIONS.
 - Approval by the bondholders of this proposal of partial transfer of assets.
 To permit the bondholders to attend or to be represented at this meeting, the bonds or their deposit receipts, must be deposited at least five days before the date fixed for the meeting, at the offices of the banks having participated in the placing of these bonds and from whom proxies of admission cards can be requested. This meeting shall be validly held if the holders of fifty per cent of the outstanding bonds are present in person or represented.
 The Board of Directors

Norton Telecom

The business specialists for every calling

More and more informed businessmen are calling on Norton for a new company phone system. Because Norton Telecom understand business needs. They appreciate the vital importance of continuity of service. They don't play pass the customer. One consultant advises you on a system. Then he'll go on to brief Norton's installation team. Before handing you over to Norton's special Customer Service Group. Who'll look after you long into the future. No wonder Norton has become one of the UK's largest suppliers of business phone systems. For personal service, call on Norton. Dial 01-278 0404.

Talk business with Norton

NORTON
 TELECOMMUNICATIONS

The services alternative in business telephones

Norton Telecommunications
 399-341 City Road, London EC1V 1LL
 Tel: 01 278 0404, Fax: 01 639 3859, Telex: 271177.

最多 FREQUENT

Our 8 flights a week leave other airlines trailing behind.

	Wednesday Depart 1430
	Sunday Depart 1430
	Monday Depart 1430
	Tuesday Depart 1900
	Thursday Depart 1430
	Friday Depart 1430
	Saturday Depart 1230
	Saturday Depart 1430

When you consider our schedule to Tokyo it's hardly surprising. We offer 8 flights a week from the UK to Japan and we're the only airline to fly twice on Saturdays and non-stop on Tuesdays. So, travel on a Tuesday and you cut almost 6 hours off your time in the air. All flights take off in the afternoon except

for Tuesday's which departs in the evening. Thereby leaving ample time after arrival in Japan for a meal and a good night's sleep before work the next day. And from Paris we have evening non-stop flights to Tokyo on Saturdays and Sundays. No wonder the others have trouble keeping up with us.

JAPAN AIR LINES
 Everything you expect and more

Handwritten signature or mark at the bottom left of the page.

JP 11/03/86

Number 3 1986

ics
set
ie

...and ...
...but they do not ...
...prevention ...
...the ...
...over ...
...and ...

...for ...
...also ...
...the ...
...they ...
...and ...



Chase is the only clearing bank you need,
provided this is the only place you do business.

Instead of settling accounts in different countries by contacting a bank in each of them, contact a single bank that can settle your accounts in all of them: Chase.

We're in more than 60 countries, not one. And we deal in the six major currencies that make up over 85% of clearing volume today.

And since we're the first and only bank with an all-electronic clearing system, the whole process is far more accurate, controlled and secure than your current system of messengers and paper pushing. You simply tap

your day's transactions into your desktop computer. Then send them all on their way with the touch of a button.

Which is all very state-of-the-art and convenient. But if there's a problem, you don't want to talk to a computer, do you?

That's why the Chase Partnership combines cold, efficient technology with warm, efficient people in each country. People who speak your language, literally and figuratively, and watch over your transactions. So if you don't catch a

possible error or oversight and call one of them, one of them can catch it and call you.

We don't ask the world for these services, either. Just a fair and reasonable fee.

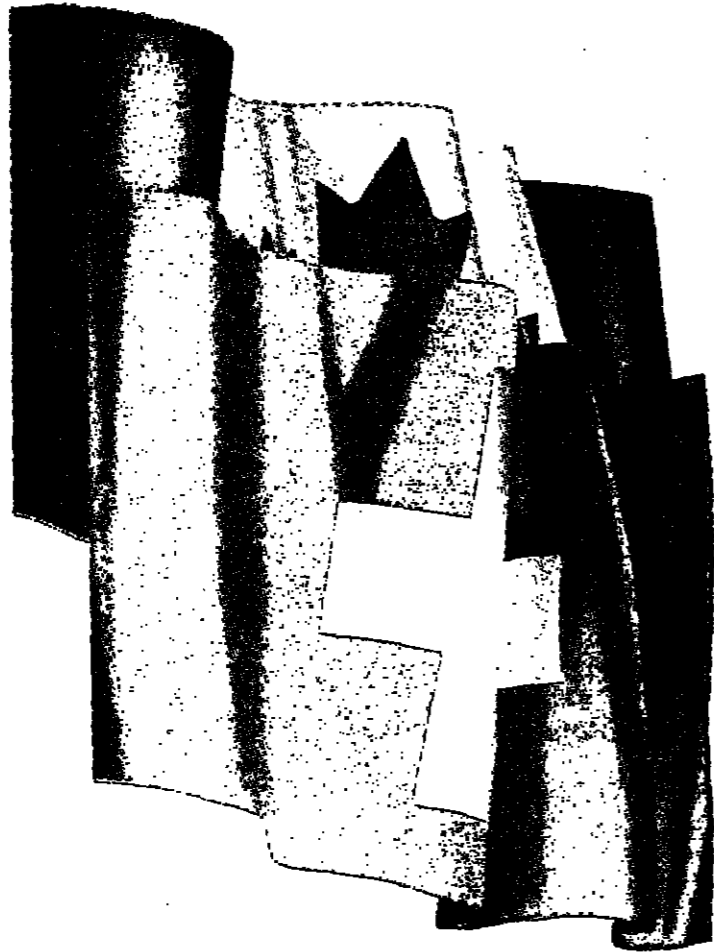
To discuss Chase Global Clearing Accounts in greater detail, contact your Chase Representative, Al Salzano in New York at (212) 552-5216, or Peter James in London at 01-747-4524.

After all, in the big picture, there's only one place you do business. So what do you need all those other banks for?

© 1986 The Chase Manhattan Bank, N.A./Member FDIC



**Business as usual,
done unusually well.**



On September 18, 1986, the Dow Banking Corporation of Zurich ceased to exist. It became, at the stroke of a pen, the Royal Trust Bank (Switzerland).

Clients of Dow can view the change with confidence. The new organization maintains the same strong staff and the same personal service as before.

And yet, something new has been added. Royal Trust, founded in

Canada in 1899, is a major international financial institution with more than \$66 billion (Can.) under its administration. It is a conservatively capitalized company, with a double-A rating and the highest return on equity of such institutions in North America.

Royal Trust offers clients an international network of financial services, together with an attitude dedicated

to meeting individual needs. The bank's organizational chart places the client precisely where he or she belongs: at the top.

If you are familiar with the Dow Bank or Royal Trust, you will undoubtedly be pleased with the new amalgamation. If you do not know Royal Trust firsthand, now should be the time. We stand as near as your phone.

Royal Trust Bank (Switzerland)



Limmatquai 4, P.O. Box CH-8024 Zurich
(Zurich - 01) 250 91 11

Direct dial (from GB) 010411/250 91 11

UK NEWS

Japan broadens manufacturing base in Britain

BY NICK GARNETT

THE NUMBER of Japanese wholly owned and partly owned production sites in the UK will rise shortly to almost 50 following the decision by Canyon to set up a plant in Northern Ireland for the manufacture of trigger-type sprays.

Employing about 12,000, these companies plan a further 2,000 jobs in the next year. The UK ranks with West Germany and Spain as the main European centres for Japanese manufacturing and assembly.

A large proportion of Japanese investment is in electronics, according to the latest figures produced by the Invest in Britain Bureau, part of the Department of Trade and Industry.

Of the 49 Japanese production sites - 40 of which are wholly Japanese owned - 19 are in electronics sector, employing 5,900. About half these are in Wales.

Most of these production sites are engaged in producing consumer goods, though they are also making silicon wafers and semiconductor as well as office equipment such as photocopiers.

The two largest electronics operations are the television set plants of Sony at Bridgend and Hitachi at Aberdare, each employing about 1,000.

Recently there has been a surge of investment in heavier engineering and processing largely through Nissan's car assembly plant near Sunderland and Sumitomo's purchase of Dunlop's tyre business.

The engineering sector included two of the earliest pieces of Japanese investment - YKK zip fasteners which set up in Cheshire in 1972 and NSK Bearings at Peterlee, Durham four years later.

Recent investment in this sector, which includes Komatsu's excavator and wheel loader assembly site, has reinforced the north-east of England as the main centre for Japanese heavier engineering.

Nine Japanese companies are engaged in this type of processing and assembly work, employing 4,750. More than a half these jobs are accounted for by Sumitomo's operations.

One of the most recent additions is Yamazaki, which is opening a large lathe assembly plant in Worcester to the annoyance of the domestic machine tool industry. Two Japanese-owned businesses are in switchgear manufacture, one trading under the name George Ellison though it is 100 per cent owned by Mitsubishi.

A further 1,500 people work for a range of other smaller companies producing printing plates, car seats, lenses, sports goods, disposable lighters and other products. Of the

17 companies in this general sector, 13 employ fewer than 100.

It might be questionable just how much even basic assembly work is going on in the smaller Japanese operations. At least one company on the bureau list involved in robots imports all the engineered parts.

It is also frequently difficult to ascertain the local component content of the electronics companies. Many of these use working regimes based on a high proportion of low paid semi-skilled female labour.

With the recent developments in the north-east, England now has the lion's share of employment in Japanese production - sites with about 8,000 jobs out of the total. In Wales 3,500 work in Japanese-owned companies and a further 1,000 in Scotland, a large proportion of them at Livingston.

Japanese investment in production in the UK - about £700m including the Nissan second phase - is minuscule compared with US companies in the UK and very small when set against West German investment.

So far there are few signs that the change in the yen value is accelerating the pace at which the Japanese are opening production sites in the UK.

The bureau said Japanese companies had made nine significant investment decisions this year to set up or expand existing operations in the UK. This compared with 13 last year.

The speed at which the Japanese open new production facilities and arrange further collaborative deals is expected to quicken even though investment will be increasingly slanted towards services and retailing.

Collaborative deals, particularly those involving the supply of basic parts such as the chassis of a lift truck which are then rebadged by a British company, are an important element of Japanese business.

**THE INSTITUTE OF
CHARTERED
ACCOUNTANTS
IN ENGLAND AND WALES
P R E S E N T S**

**After the
Revolution**
- issues for management

A two day conference to be held on Thursday 4 December and Friday 5 December 1986 at the Park Lane Hotel, London W1

Speakers will include:

- Archib Cox
Chief Executive Officer
Foreign Secretary International Ltd
- Ian Hay Davidson
Advisor to Arthur Andersen & Co
Former Chairman of the Accounting Standards Committee
Former Deputy Chairman and Chief Executive of Uysie
- Daniel Hodson FCT
Finance Director of Unilever UK
Chairman of the Association of Corporate Treasurers
- Sarah Hogg
Business and Finance Editor
The Independent
- Gratians Ross Russell
Deputy Chairman of the South Eastings
Lawrence Frost & Co
- Malcolm Williamson
Chief Executive
National Girobank plc

Revolutionary changes have swept the City. Now that the dust is settling we must seek the way forward. This conference will give the experts' view from the eye of the storm providing an authoritative forum for discussing the impact of the City Revolution.

Conference fee: £400+£60 VAT

For a descriptive leaflet, or to make a credit card booking, please telephone Jim Scoble on 01-429 7069 or Milton Keynes (9905) 648633 ext. 306.



Tenneco Inc

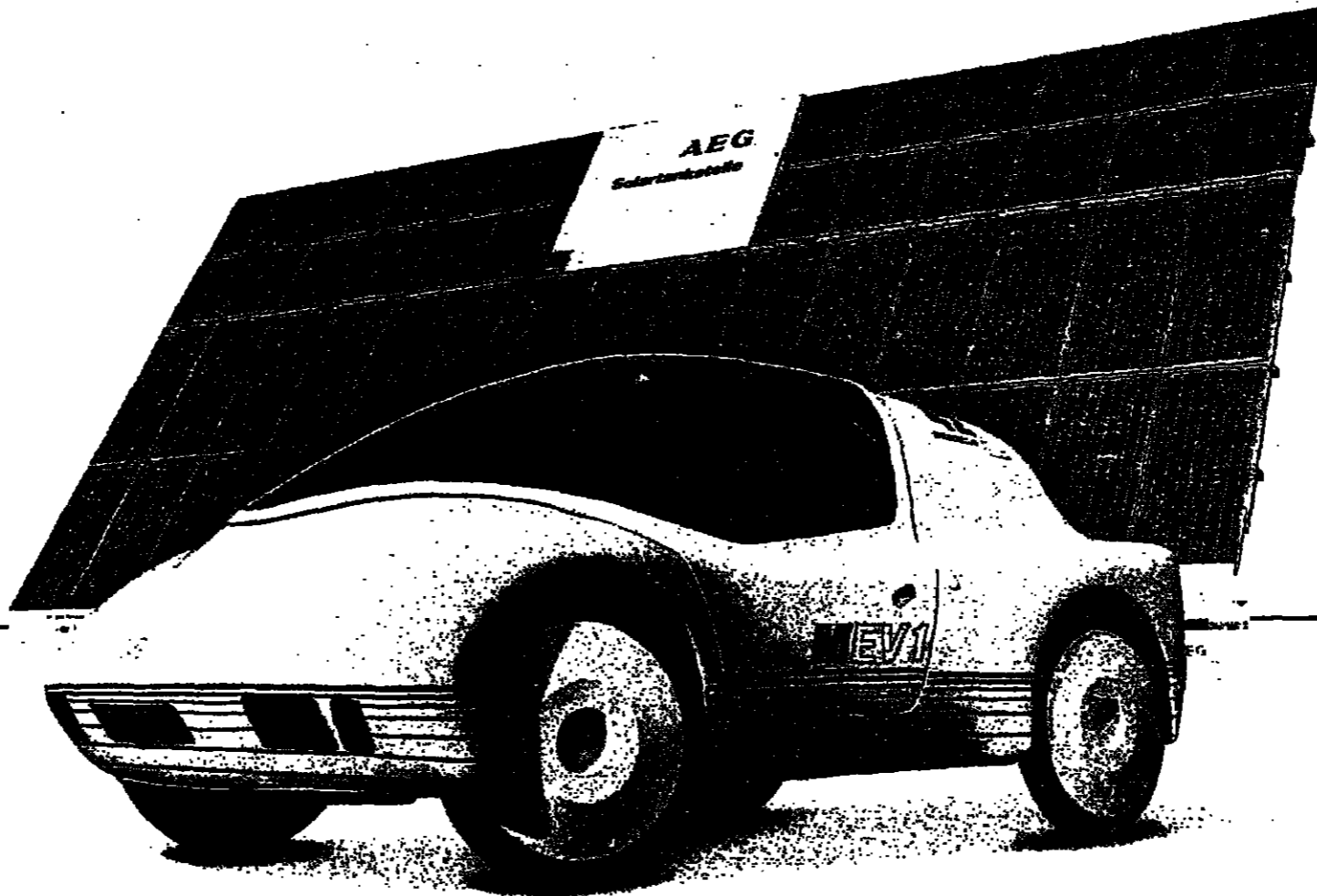
HOUSTON, TEXAS



1986 is our 40th consecutive year of cash dividend payments

The 1986 fourth quarter dividend of 76¢ per share on the Common Stock will be paid December 9 to stockholders of record on November 7. About 190,000 stockholders will share in our earnings.

Karl A. Stewart, Secretary



**A Tank Full of Sunshine.
Thanks to AEG.**

AEG has introduced the world's first mobile solar service station, able to pump solar power into the tanks of five vehicles at once. The station was introduced at the "Tour de Sol '86" where a third of the sun-mobiles were powered by AEG generators, a majority of them winners in many vehicle categories.

These shining examples of innovative technology in solar energy are brought to life by AEG, offering new sources of energy for the most diverse applications... even in sport.

Although using solar electricity to power vehicles is a new technology, it has long been a proven, practical source of energy in domestic and industrial applications. The photovoltaic cell, which transforms sunlight directly into electrical energy is the key to clean, safe solar technology. Lightweight solar panels from AEG are used to

supply power to rechargeable batteries in the home. And for industry, AEG solar technology provides energy for satellites, as well as terrestrial applications such as navigational aids, irrigation systems, water purification systems, communication transmitters, receivers and amplifiers.

AEG (UK) Ltd.
217 Bath Road
Slough
Berkshire SL1 4AW
Phone: (0753) 872101, Telex: 847541

Advanced technology from AEG: electrical and electronic equipment, systems and installations for automation, communication and information, for industrial and power applications, for defence and transport, for the office and the home.



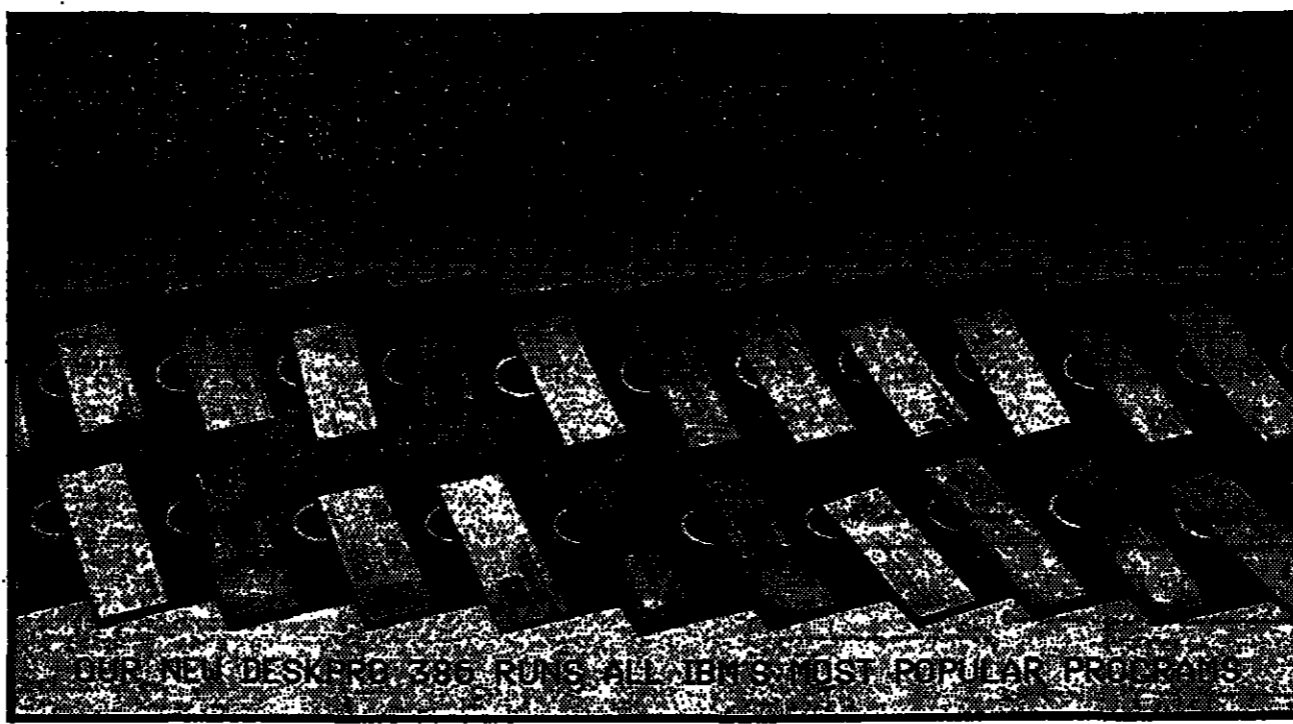
You can find AEG in 111 countries worldwide.

John Miles 15/86

The industry standard is a ghastly little bit of jargon, we admit.

But since it is crucial to the choosing of a new computer, we thought we had better explain what it means.

(If you already know, please >GOTO the section headed 'pies and napkins'.)



OUR NEW DESKPRO 386 RUNS ALL IBM'S MOST POPULAR PROGRAMS

check by talking to any computer expert, or reading the trade press.)

Our computers were faster and more powerful than the machines they were targetted against.

They had features no-one else had thought of, like safety back-up systems and monitors that worked

equally well with text and graphics.

Softwarewise (very

Houston, that) they ran all IBM's most popular programs, plus programs written specially for us.

Such was the demand for them that we now hold the record for the fastest ever entry into the Fortune 500.

THE COMPAQ DESKPRO 386.

The object of this advertisement is not simply to verse you in the lore and legend of COMPAQ Computer.

We want to sell you something. To wit, the most powerful personal computer ever built.

It is based on Intel's astonishing new 386 microprocessor, and called the COMPAQ DESKPRO 386.

Our new machine has 6,250 times more working memory than today's average personal computer.

It runs current 'industry standard' programs 2 to 3 times faster than most other machines on the market.

For networking, multi-tasking and multi-user systems, there is nothing to touch it. That's just for starters.

Soon, as more and more software is written for the 386 chip, it will be able to do

things previously considered to be impossible for a personal computer.

Things like computer aided design, and running 'expert systems' (artificial intelligence, no less).

Best of all - oh shucks, we've run out of space. Ah well, you'll just have to continue this discussion with your nearest COMPAQ dealer.

COMPAQ

DESKPRO 386

WE'LL NEVER CEASE TO AMAZE YOU.

WE SHARE THE INDUSTRY STANDARD.

THE COMING OF THE STANDARD

Apple (give them their due) launched the first personal computer back in 1977.

It was four years before IBM responded with their honest, if rather bovine, PC.

Of course, the IBM machine would not run Apple programs, and vice versa.

War broke out, with the customer caught in the middle.

Soon, vast numbers of programs had been written for the IBM PC, covering everything from accountancy to zoo husbandry.

Other manufacturers, seeing which way the wind was blowing, rushed to bring out machines 'compatible' with IBM's. Computers that, in other words, could run IBM programs.

Thus, as with VHS in video, an 'industry standard' quickly became established.

Today, anything outside it is frankly out on a limb.

PIES AND NAPKINS

Unfortunately the 'compatibles', like the IBM computers they aped, were not (oh dear, how can we put this?) very remarkable machines.

They ruminated over programs like cows chewing cud.

Then one day in 1981, a group of computer experts met for lunch at a pie shop in Houston, Texas.

Over their coffee and pie, the talk turned to the excruciating dullness of personal computers.

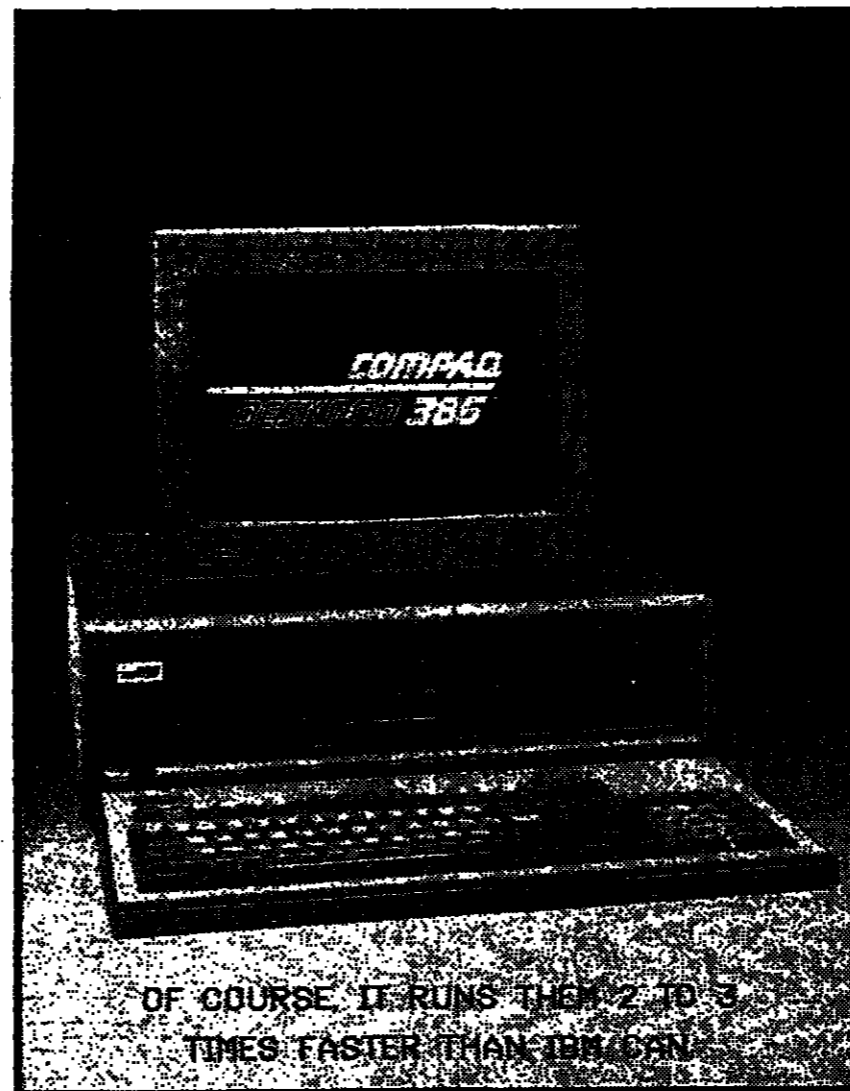
What was needed, they agreed, was a 'compatible' computer that went far

beyond what anyone had dreamed of offering.

Being engineers, and therefore uncouth, the tablecloth was soon covered in circuit diagrams.

Luckily, by the time the bill arrived, the design for a new computer was safely sketched on a place mat.

'It's a great idea,' said one of them, 'but who'll build it?' After a short



THE INDUSTRY DOESN'T SHARE OURS.

silence, COMPAQ Computer was born.

THE BEST, NOT SWANKING

The first COMPAQ PC was a portable that offered the same power (power = working memory) as machines twice its size. It sold out.

We followed it with a series of desktop and portable computers, each of which met with rapturous acclaim. (This is not your usual addy bragging. It is all true, as you can easily

Architecture/Colin Amery

Ingenious solution to sound problem

London has acquired a new secret. Tucked away in a courtyard of the South Kensington...

The result is a traditional-looking auditorium designed to meet the exacting acoustic demands of the College.

To fit this auditorium into the west courtyard of the school was a tight fit but the whole opera house is scaled to suit young voices...

That enterprising gallery, The St Gallery (26, Gower Street, London, W1) is playing host to one of Japan's most interesting and influential architects.



Creating a sense of occasion and style at the new Britten Opera Theatre, hidden away in London's Royal College of Music

and flats and a church all demonstrate a refinement and understanding of the nuances of geometry that is extremely rare.

The Man Who Mistook His Wife for a Hat/ICA

Martin Hoyle

Oliver Sacks has already inspired fascinating theatre. Harold Pinter based A Kind of Alchemy on Dr Sacks' studies on the return of sleeping-sickness victims to consciousness...

22nd Bratislava music festival

One of the most noticeable developments in Czechoslovak life since the War has been the growth and recognition of a separate Slovak cultural identity...

When Renata Scotto made her London debut in 1967 -Mimi, Adina, Violetta, and Donna Elvira at the Stoll-she was hailed in these pages as a newcomer destined for fame.

Scotto & Soderstrom at the Met

When Renata Scotto made her London debut in 1967 -Mimi, Adina, Violetta, and Donna Elvira at the Stoll-she was hailed in these pages as a newcomer destined for fame.

Y'Shunta Joined! Nottingham Playhouse

Of translated into English from the argot of Mansfield, you shouldn't have joined. This is the contemptuous advice of ageing, sick dad (Rod Arthur) to his children, seven out of eight of them serving in the armed forces...

BANK RETURN table with columns for bank names and interest rates.

Arts Guide

Arts Guide table listing events in London, Paris, Italy, Vienna, Netherlands, Chicago, New York, and Washington.

Northern Ballet Theatre

Northern Ballet Theatre last week marked its return to base at the Royal Northern College of Music with a programme of three works new to the company...

FINANCIAL TIMES advertisement with text 'Staying in the Principality of Monaco' and 'Complimentary copies of the Financial Times are now available to guests staying at the following SBM HOTELS'.

FINANCIAL TIMES

Monday November 3 1986

RTS GROUP... TRACTOR-TRAILER SYSTEMS... SERVING SHIPS, PORTS, INDUSTRY

KYLE STEWART... DESIGN AND CONSTRUCT... MANAGEMENT CONTRACTING... TRADITIONAL CONTRACTING

Australia issue glances back to before Big Bang

IRONICALLY IN Big Bang week in the London market the Eurobond market was casting nostalgic glances at the methods of operating in a bygone, more leisurely financial world, writes Clare Pearson in London.

The issue had two factors in its favour. For one thing, it was generously priced. The market was delighted to discover that the fees tallied 60 basis points, a far more generous level than that achieved by comparable borrowers who have recently issued FRNs.

ing commitments to a prospective management group the lower amount of potential commitment should not be less than 75 per cent of the higher amount. This will allow co-managers to calculate more exactly the size of their expected commitment.

Vebe in talks over big stake in Hapag

VEBE, the diversified West German energy group, is negotiating to buy a sizeable stake in Hapag-Lloyd, the country's leading but troubled shipping line.

Texas Air to reduce People Express offer

TEXAS AIR, the Houston group which is in the process of building one of the largest airline businesses in the US, said that it wanted to reduce its \$260m agreed offer for People Express.

Small Spanish Eurocredit causes flurry over loan pricing

LOOKED at one way it could signal the end of an era. Looked at another it may be another case of a competitive market overreaching itself, writes Peter Mouton in London.

for profit as large banks now find themselves well below Libor. But what if the differential between the two rates were to widen as a result of an international banking crisis? That could not be excluded during the 8 1/2 year life of the loan and it might leave lenders high and dry.

Libid and would probably have to pay a facility fee of less than 5 basis points for back-up credit. Combine this with the apparent limitless demand among banks for top quality assets, however low the yield, and this deal could stand a chance of success.

IBM plans Europe centralisation

IBM, the US computer group, is planning to convert its Amsterdam factory into the main distribution centre for all of Europe as part of a consolidation programme, writes Laura Rosen in Amsterdam.

DKB ASIA LIMITED... U.S. \$100,000,000... 8 per cent. Guaranteed Bonds Due 1993... THE DAI-ICHI KANGYO BANK, LIMITED

How much do you really know about SWAPS, EURO BONDS & FOREIGN EXCHANGE?... financial i... Users of Financial i's training programmes include: AP Dow Jones, Asten Development Bank, Australia & New Zealand Banking Group, Bank of America International, Bank of England, Bank of Montreal, Bank of Nova Scotia, Bank of NY, etc.

INTERNATIONAL CAPITAL MARKETS

US MONEY AND CREDIT

Pact with Japan lifts hopes of rate cut

THERE COULD be few more graphic illustrations of the growing link between the US and Japanese economies than events in the US credit markets last week.

US MONEY MARKET RATES (%) table with columns for instrument, last Friday, 1 week ago, 4 weeks ago, 12-month high, and 12-month low.

US BOND PRICES AND YIELDS (%) table with columns for instrument, last Friday, 1 week ago, 4 weeks ago, 12-month high, and 12-month low.

cut of its own, although the meeting of the Federal Open Market Committee this week clearly provides the opportunity for some strategic decisions on this issue.

While scarcely anyone is suggesting a really strong economy at present, many analysts are focusing on a set of recent statistics that suggest some acceleration in the economy from the 2.25 per cent annual rate recorded in the first three months of this year.

One element in Wall Street's reaction to the Japanese initiative is the feeling that the Federal Reserve Board will now have more leeway to make a discount rate cut itself.

Japan will maintain the attraction of US yields to Japanese purchasers, who have been showing an enormous appetite for US paper throughout the year.

partners seem committed to preventing the dollar from slipping much below its present levels.

UK GILTS

Signs of recovery as sterling improves

ONE MAN'S headache is another man's profit. The leap in the Reuters share price probably says as much as anything else about the ill-starred entrance of London to the world stage of international finance.

there is no doubt that the purveyors of green-on-black news will be eager to step out of the wings.

what and market makers were able to shift more of last week's burden of their books.

Hogging the limelight for most of the week were the Stock Exchange's SEAQ automated quotation and TOPIC systems.

All this was turned into a sideshow at the end of last week when Japan cut its discount rate for the fourth time this year.

The Bank of England's issue of four tranches totalling \$400m on Friday seemed to strike the right balance in a market which is showing signs of recovery.

Foreign exchange markets reacted swiftly on Friday to the joint statement by Mr James Baker, US Treasury Secretary, and Mr Kiichi Miyazawa, Japan's Finance Minister.

Foreign exchange markets reacted swiftly on Friday to the joint statement by Mr James Baker, US Treasury Secretary, and Mr Kiichi Miyazawa, Japan's Finance Minister.

The market still has longer-term worries to think about such as inflation, the balance of payments and Mr Nigel Lawson's tax cuts.

Improvisation and a lot of patience will be needed, even in the less hard-bit gilt market which doesn't rely on the Stock Exchange's systems to trade by.

The dollar, already looking very well bid on the narrowing of the US merchandise trade deficit, jumped again.

By the end of last week, retail demand has picked up somewhat.

It remains to be seen whether the compromises thrashed out last Thursday between the Bank of England and gilt market makers will be enough to restore last week's loss of faith (and face).

By the end of last week, retail demand has picked up somewhat.

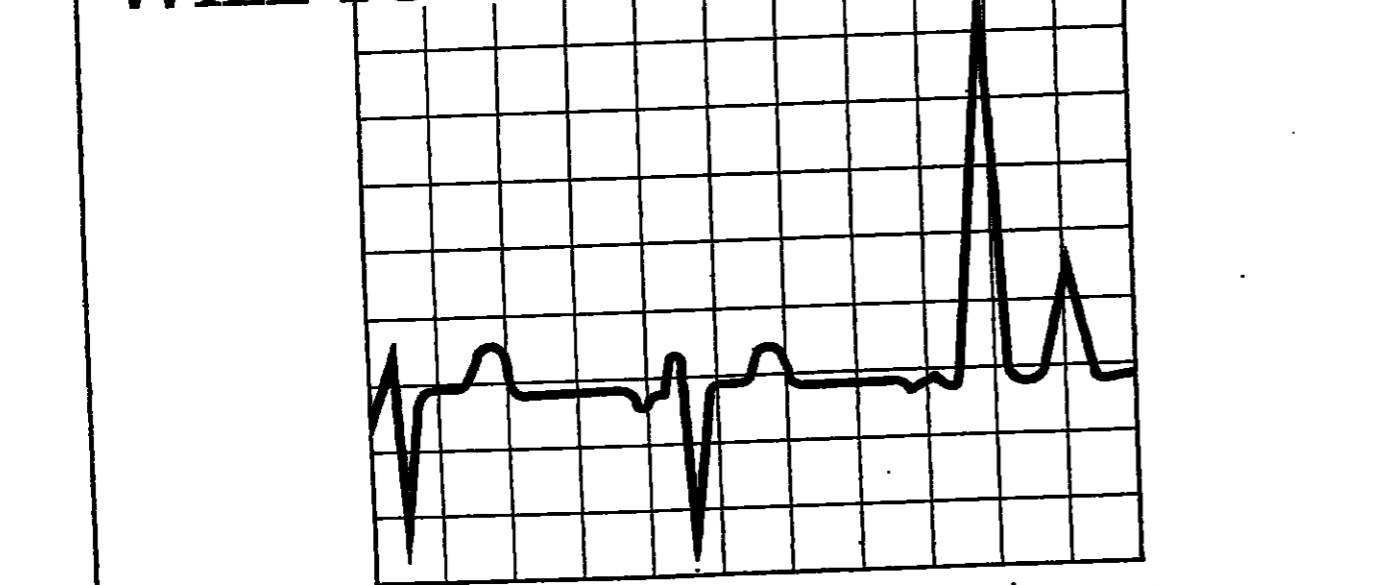
By the end of last week, retail demand has picked up somewhat.

By the end of last week, retail demand has picked up somewhat.

By the end of last week, retail demand has picked up somewhat.

By the end of last week, retail demand has picked up somewhat.

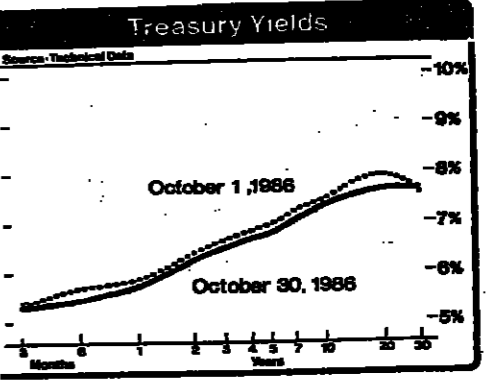
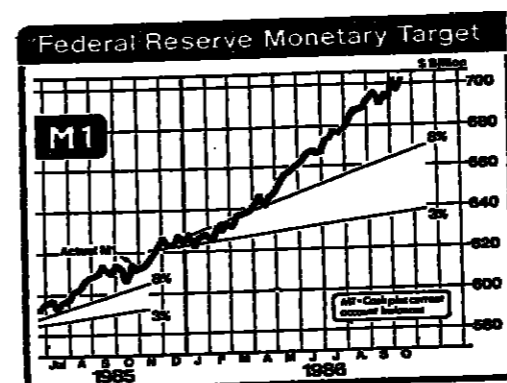
WHEN THE GILT MARKET MAKES A MOVE, WILL YOUR HEART MISS A BEAT?



Are you confident that when the market moves, you will be in the right position? If not, and you are responsible for a gilt portfolio, Reserve Asset Managers can alleviate those heart stopping moments that accompany major moves in the market.

RESERVE ASSET MANAGERS LIMITED

The specialists in Gift and Fixed Interest Investment. 3 GRACECHURCH STREET, LONDON EC3V 0AB. TELEPHONE 01-283 4885. TELEX 959991 PHILLEN



are also showing gains at present, and the trade deficit has now shown two straight months of decline—down to \$12.6bn in September and \$13.3bn in August and \$12bn in July.

On the other side of the coin is the belief that the current improvement in the rate of economic expansion is only temporary.

FT/AIBD INTERNATIONAL BOND SERVICE

Large table listing international bond services with columns for instrument, price, yield, and other financial data.

STRAIGHT BONDERS: Yield on redemption of the mid-price. Amount issued is expressed in millions of currency units except for yen bonds, where it is in billions.

Handwritten signature or note at the bottom left of the page.

AFTER 12 YEARS IN AMERICA, WE'VE FINALLY LOCATED WALL STREET.

For us, America has indeed been a land of opportunity. We began our operations there in 1974 and we haven't looked back since.

Americans, in their millions, have bought our typewriters, our garden tools, our shoes, our lighting fixtures, our hot dogs, our business forms, our textiles and our chemical products.

Not surprisingly, there has been considerable interest in our company. And now American Depository Receipts in Hanson Trust PLC will be available on the New York Stock Exchange.

Not before time, some would say.

In fact if Hanson Industries, our US operation, were a separate entity it would rank amongst the top 120 US companies in sales.

But far more important than our size is our commitment to growth.

Over the past 21 years our earnings have grown at an average annual rate of 21%.

Each and every year our dividends have grown, at an average of 24%.

But perhaps the most telling testament to our success was provided by FORTUNE magazine in its recent listing of the 500 major internationals.

Hanson Trust was first in the survey, with the best 5 year total return in US dollars, averaging 136% annually.

Without doubt America has played a vital role in our success. So we're delighted that Americans can now have a stake in the company from over here that's done so well over there.



H A N S O N T R U S T

INTERNATIONAL CAPITAL MARKETS AND COMPANIES

Fiat confident of victory in Alfa takeover battle

BY JOHN WYLES IN ROME AND JOHN GRIFFITHS IN LONDON

THE FIAT group "clarified" its takeover offer for Alfa Romeo at the weekend, confident that by Friday it would have beaten off the rival bid by Ford.

AN INVESTMENT group led by Sir James Goldsmith and including the US arm of Hanson Trust of the UK has declared a stake of close to 11.5 per cent in Goodyear.

Investors disclose stake in Goodyear

BY RODERICK ORAM IN NEW YORK

made the announcement after the market closed, consists of General Eastern (20 per cent stake), General Occidental (10 per cent), which are both controlled by Sir James Hanson Industries (50 per cent), chaired by Sir Gordon White, and other limited partners (30 per cent) whose identity Sir James said he was not free to disclose.

NEW INTERNATIONAL BOND ISSUES

Table with columns: Issuer, Amount, Maturity, An. Yrs, Coupon, Price, Book Name, Offer Yield. Lists various international bond issues from U.S. Dollars to Yen.

Hugo Boss achieves strong sales

By Andrew Fisher in Frankfurt. HUGO BOSS, the West German maker of stylish suits and leisure wear for men, raised its exports by nearly 90 per cent in the first nine months of 1988.

Singapore broker ordered into liquidation

BY STEVEN BUTLER IN SINGAPORE

CITY SECURITIES, the insolvent Singapore broking house, has been ordered into liquidation by a Singapore court.

Spanish bank well ahead

BY OUR FINANCIAL STAFF

BANCO EXTERIOR de Espana, the state-controlled export credit bank, has returned a 30 per cent net profit gain for the first nine months of 1988.

Brunei buys MAS stake

BY OUR FINANCIAL STAFF

THE BRUNEI Investment Agency has emerged as the holder of a stake of about 5.7 per cent in Malaysian Airline System (MAS).

REUTERS IN THE GILT-EDGED MARKET. Deregulation in the City of London has reshaped the gilt-edged market, reinforcing the need for fast, accurate screen-based information. Reuters meets this need.

INTERNATIONAL PROPERTY REVIEW THE FT EVERY FRIDAY. CRÉDIT D'ÉQUIPEMENT des Petites et Moyennes Entreprises U.S. \$100,000,000 7 3/8 per cent. Guaranteed Notes Due August 1991 Unconditionally Guaranteed by The Republic of France.

11/3/86

THE PROSPECTUS FOR BRITISH GAS SHARES WILL BE PUBLISHED ON NOVEMBER 25TH.



If you want to apply for a share of the shares in British Gas, prospectuses and application forms will be widely available from November 25th.

If you haven't already reserved your copy by filling in the coupon or phoning 0272 272 272, why not do so now? This will not commit you in any way, but will ensure you are

automatically sent a copy once it's published.

If you want to apply, now is the time to start getting your money ready too. You'll only have a few days to get your application form in, which must be accompanied by a cheque for the first instalment.

And if you are a domestic British Gas customer, and you want to apply under the

special Customer Share Scheme, you must register by phone or coupon before November 14th, if you haven't already done so.

Everyone can apply for a share of the shares.

ISSUED BY N M ROTHSCHILD & SONS LIMITED ON BEHALF OF H M GOVERNMENT.

Please send me, without obligation, information about the British Gas share offer. (PLEASE COMPLETE IN BLOCK CAPITALS)

(Tick) MR MRS MS or TITLE (Specify) _____

FORENAME(S) _____

SURNAME _____

ADDRESS (in full) _____

POSTCODE _____

Are you a British Gas customer? YES NO

When complete send to: (Tick) YES NO **British Gas**

British Gas Share Information Office, **SHARE**
P.O. Box 1, Bristol BS99 1BG. **INFORMATION**
OFFICE

UK COMPANY NEWS

Lloyds Chemists coming to market via placing

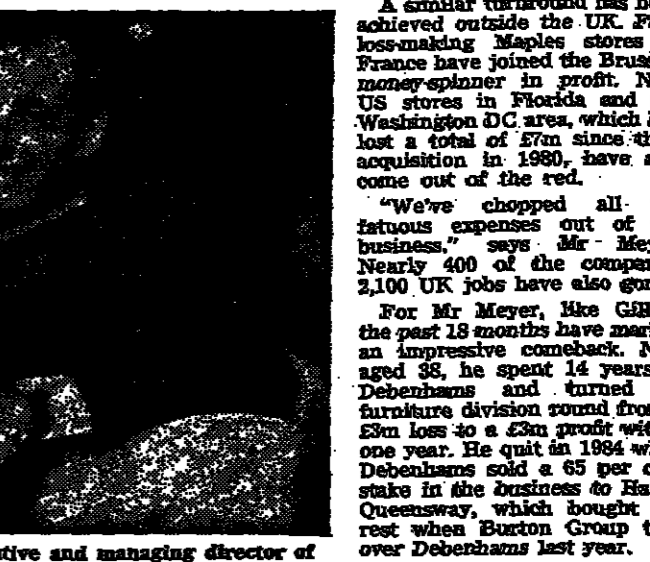
By RICHARD TOMKINS
Lloyds Chemists, a Midlands-based, chairman of retail chemists, is to become the first company to take advantage of the new Stock Exchange rules on placings when it comes to the market this week.

A. Cohen profits jump in first half

Pre-tax profits at A. Cohen & Co, the maker of non-ferrous metal ingots, more than doubled in the six months to June 30 1986, moving up from £555,000 last time to £1,240m on turnover unchanged at £34.2m.

Clay Harris looks at the revitalisation of Waring & Gillow Shaping up to the retail revolution

Gillow, the furniture and carpet retailer, is on the road back to the stock market, and Mr Ashley Meyer has made sure that he stays in the driver's seat.



Mr Ashley Meyer, chief executive and managing director of Gillow

Fletcher King offer this month

By PAUL CHESERIGHT, PROPERTY CORRESPONDENT
Fletcher King will become the second company of commercial estate agents to seek a market quotation when it offers shares for sale later this month.

Eastern Produce falls

Pre-tax profits on ordinary activities at Eastern Produce (Holdings) fell from £4.82m to £3.67m in the six months to June 30 1986. The interim dividend is unchanged at 2.5p.

Virgin Group

Virgin Group, the record and airline company which is planning to float its musical operations on the London Stock Exchange, has appointed Sir Philip Harris, chairman of Harris Queensway, to its board.

BOARD MEETINGS

Table listing board meetings for various companies including Associated British Foods, Oxford Instruments, and Anglo American.

SHARE STAKES

Table listing share stakes and changes in company share stakes for Brunner Invest Trust, WPP Group, and others.

F.T. Share Information

The following securities have been added to the Share Information Service: European Home Products, Heath (Samuel) (Engineering), and others.

This advertisement is issued in compliance with the Regulations of the Council of The Stock Exchange. It does not constitute or contain any offer or invitation to any person to subscribe for or purchase any securities of TRINOVA Corporation.

TRINOVA TRINOVA CORPORATION

TRINOVA Corporation ("TRINOVA") is an international marketer and manufacturer of industrial products in two businesses - fluid power and plastics. Through its wholly-owned subsidiaries, Aeroquip Corporation and Vickers, Incorporated ("Vickers"), TRINOVA supplies one of the most complete fluid system product lines in the world.

Table showing common shares of par value \$5 each: Outstanding and fully paid (10,050,160), Reserved Common Shares under stock option plans (349,247), etc.

Particulars relating to TRINOVA Corporation are available in the statistical service of Exel Statistical Services Limited. Copies of the Listing Particulars may be obtained during normal business hours (Saturdays and public holidays excepted) up to and including 5th November 1986 from the Company Announcements Office, The Stock Exchange, Throgmorton Street, London EC2 and up to and including 17th November 1986 from:

Table of Financial Times Stock Indices: Government Secs, Fixed Interest, Ordinary, etc., with columns for 30 Oct, 20 Oct, 10 Oct, 1986 High, and 1986 Low.

The Princess Alice Hospice advertisement featuring an image of the hospice building and contact information.

HAMBROS BANK LIMITED advertisement announcing a HOME LOAN RATE increase to 12 1/4% per annum with effect from 1st November 1986.

I.G. INDEX advertisement for FT for November 1, 1986, with a value of 1,280.1297 (+1.1).

MURDOCH MACLEOD ASSOCIATES LIMITED advertisement celebrating their tenth anniversary and offering financial public relations and advertising services.

The Royal Trust Company of Canada advertisement announcing that with effect from 3rd November 1986 its name will be changed to ROYAL TRUST BANK.

GRANVILLE SPONSORED SECURITIES advertisement listing various securities with columns for Capital/Gross Yield, Price on week div.(p), and Fully Paid.

THE BANK OF NOVA SCOTIA advertisement for a Floating Rate Debenture 2000, offering an interest rate of 11.35% per annum.

Drexel Burnham Lambert advertisement for Equities Limited, listing members of the Stock Exchange and contact information for Brian Palmer and Philip Thomas.

FINANCIAL TIMES SURVEY

Monday November 3 1986

Swindon

After brilliantly exploiting its location to attract jobs without the aid of government money, this former railway town is set to change direction to emphasise social policies.

A change of heart

By Anthony Moreton, Regional Affairs Editor

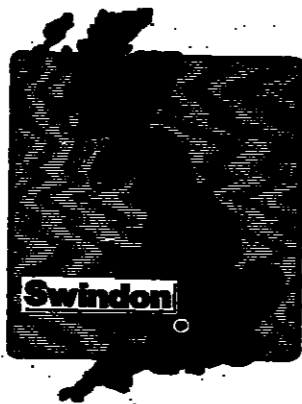
SWINDON has always been the Wiltshire plain town in more senses than one. Blessed with few abiding features, it has had to struggle to match the history and glamour of the attractive neighbours that surround it—Oxford, Cheltenham, Bath and Bristol and such country towns as Cirencester, Marlborough and Chippenham.

Yet, for all that, it is Swindon which has recently managed to prise from Lloyds Bank the accolade of the fastest growing economy in Western Europe. Swindon's trump card has been the M4 motorway, which skirts the town to the south; the first of the modern railway systems, the 125 Inter-City to the West Country; proximity to London and, in particular, London's Heathrow airport; and a position at the crossroads of much of the road network of southern England.

It has exploited these man-made facilities brilliantly to attract a large influx of sophisticated industries. The one-economy town created in the last century with the establishment of the railway workshops has been turned into a modern service-cum-industrial town full of interesting newcomers. Most wear white rather than blue collars and all have injected a strong infusion of spending power into the economy.

All this without a penny of government grant money. Swindon has managed to attract more new industry than many towns that have been able to throw money at potential investors.

Yet at the moment when the



town is poised to consolidate the advances of the past 10 to 15 years there is a possibility that much of the good work that could be endangered. The council has shifted its stance and now believes it should not necessarily poach new jobs from other parts of the country. It wants to place more emphasis on social policies.

As recently as 1960 Swindon was very much a one industry town. At its peak the railway workshops employed more than 17,000 people; today, there are 400 and even these will have gone by the middle of next year.

Following the last major British Rail closure this spring Swindon's unemployment rate moved above 12 per cent, slightly less than the national average. Previously it had always been a couple of points below it.

The town is certainly not creating sufficient jobs to re-

place both the unemployed and those coming onto the register for the first time. School-leavers alone account for about 3,000 new additions, slightly down on the 3,500 in 1978.

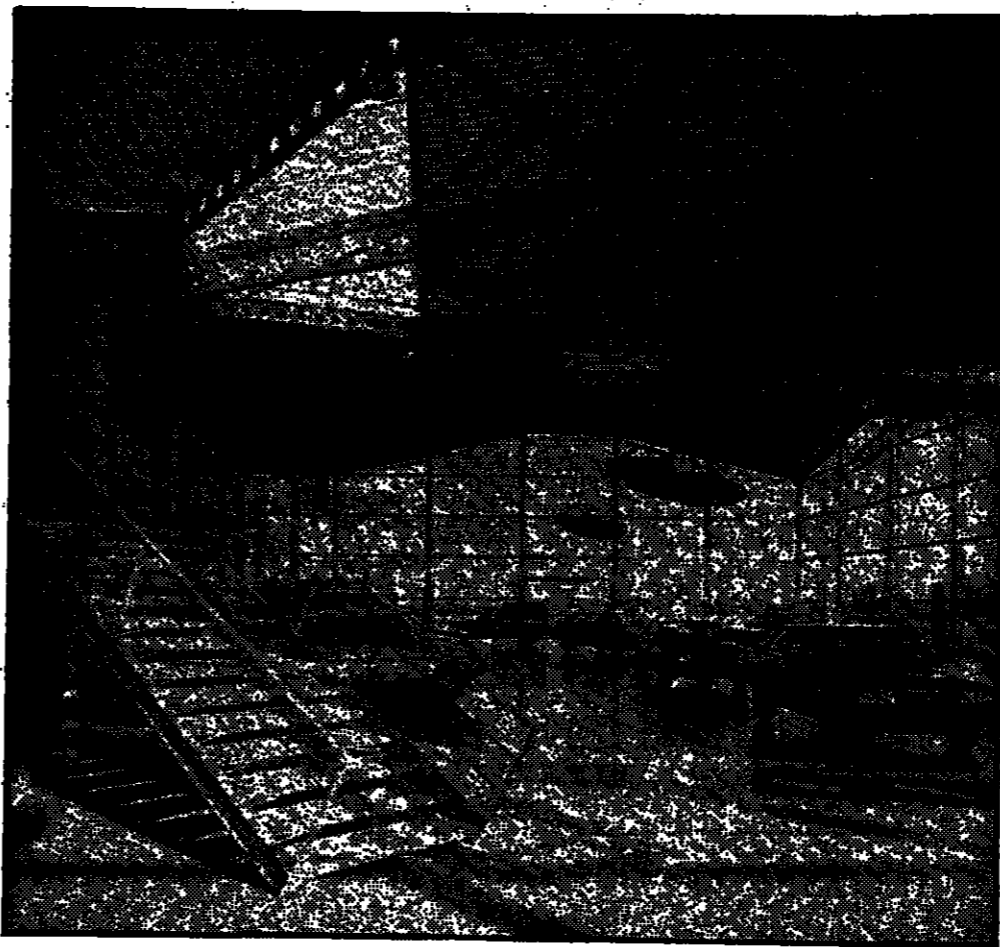
There have, too, been setbacks. Only last month IEM decided not to take up a planned site in the town for the European headquarters of its telecommunications equipment subsidiary Rolm. The company had bought 50 acres and had an option on a further 120; it had recruited 85 to 40 staff and might have needed 10 times as many.

Companies willing to invest on such a scale are hard to come by and IEM's decision shows how difficult it is to win mobile investment.

However, Mr Douglas Smith, head of Swindon Enterprise and the town's soon-to-depart industrial adviser, says the corporate plan originally called for the creation of 3,000 jobs a year, and while that figure had not been achieved every year "the aggregate since 1978 is more than 25,000 jobs in industry and commerce, the only areas we monitor. In the service industries, such as retailing, there could be another 5,000."

The problem is to find jobs for the unskilled. The new "sophisticated" industries—a term he prefers to high-technology—absorb all the qualified people. The unskilled remain difficult to place, though the arrival of companies like Bluebird Toys has helped.

Swindon's transition to a sophisticated economy may be relatively recent but the change



in the town itself can be traced back to the early 1950s. The intention then was to attract heavy manufacturing industry, successfully achieved with the arrival of Pressed Steel Fisher (now part of the Rover group) to provide car bodies for Cowley, Plessey and Vickers. In the 1950s employment rose by some 14,000—most of it in manufacturing.

The 1960s saw great structural change. The run-down of the railways began, and while net employment grew by some 9,000 over the decade, manufacturing also began to decline and the service sector became relatively more important.

The 1970s were a period of great structural change, aided by the national infrastructure improvements that brought the high-speed rail link and the M4. Retailing grew rapidly at a time when it was declining nationally. Office developments were also to lead to the establishment in the town of names such as Allied Dunbar, Burmah, Nationwide, Intel, Radio Ren-

ta, W. H. Smith, National Employer's Mutual Insurance company and W. D. and H. O. Wills. Swindon Enterprise, set up in 1979 as the town's marketing arm, then conceived a strategy which focussed on selling the area to the City of London as an attractive place to invest.

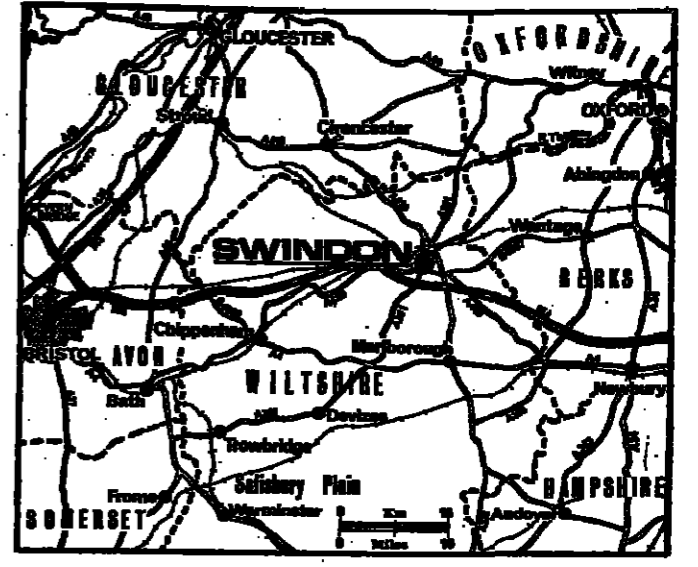
"That has been so successful that office rents here are approximately £2 a sq ft dearer than in Bristol," according to Mr Smith. "This is where people want to be."

A campaign was also mounted to attract US companies. More than 30 are in the town, and Mr Smith says that one in six of the 90,000 working population of Thamesdown (the local council which takes in Swindon) is employed as a result of a dollar investment.

"Compare that with the national average of one in ten and you will see how successful we have been."

The names range from AMI Microsystems, which was established in 1979 and has its European HQ in the town, to Zimpro Surgical. Alphabetically in between are Intel, Monsanto, Raychem, Systems Integrators and Union Carbide. Five of them have European or UK Headquarters operations in the town.

Now the emphasis is switching towards Japan. The arrival of Honda, which chose a 250-acre site, far larger than it needs for its present operations, was the catalyst. Japan had been rejected by Swindon Enterprise originally because of the cost of marketing in that country, but with Honda's arrival other Japanese concerns also began to look at the town. Inquiries have been received from the country and it is thought that two concerns are looking closely at the opportunities. Mr Smith believes that one could make a decision by next Easter.



The Renant distribution centre, a former FT architecture award winner, has become a symbol for the modern industrial image adopted by Swindon over the past decade or so.

vately-funded town expansion scheme in Europe. The group is seeking a £500m development consisting of 9,000 houses together with industrial units on a 1,500-acre site, of which 174 acres would be allocated to industrial use. This sector could provide up to 4,000 permanent jobs.

Much of Swindon's success has rested on the large land bank built up by the town fathers after the second world war. Any income could be virtually sure of being able to get land from the council. But the borough has only about 160 acres left, of which 82 are uncommitted.

This does not mean that saturation point has been reached. It may still be cheaper, with land at £160,000 an acre, to redevelop town centre areas with their old properties. It does, however, mean that development in future will have to come as a result of the private sector providing the land.

The Haydon scheme is therefore a pointer to the future, especially as the local authority is severely constrained in what it can spend on infrastructure. There is a danger here. If a private developer, like Haydon, has to put in the sewers and roads additionally provided by the local council, it will have

CONTENTS	
Industry	
Service Industry	
Profiles: Square D	
Peake & Co	P2
Property	
Skilcentre	P3
Hotels	
Profiles: Kenmarey Group	
Lou Macart	P4

to work the land to a higher density to produce its required rate of return on capital.

Swindon has some way to go before it can be considered the "complete" town. There is a shortage of hotels, especially at 2-star level, and the town also has an indifferent social and cultural life. It is not well endowed with good restaurants, and retailing has not matched the increase of spending power generated by the white-collar incomers.

But there is room on the business parks and there is an air of commercial hope about the town. Mr Smith says: "I believe, and the banks support the view, that Swindon is a very strong economy. Provided the financial institutions continue to see the prospect of a good return on their investment, the economy and the associated jobs will continue to grow."

WITH THE WHOLE WORLD TO CHOOSE FROM WHAT MADE THEM CHOOSE SWINDON?

After considering the alternatives, more and more companies have located to Swindon. Since 1980 over 30 major companies have made it their centre of European operations, and it's easy to see why.

Heathrow is just an hour by road, London 55 minutes by train. The workforce is multi-skilled and stable, the quality of life outstanding.

Overheads are around one fifth of Central London's, so it's hardly surprising that Swindon is established as the Profit Base.

Get the Fact File now. Contact Douglas Smith, Industrial Adviser, Civic Offices, Swindon or call him on Freefone "Swindon Enterprise."

SWINDON
ENTERPRISE
THE PROFIT BASE.

The local authority has a range of sites available.

Property

Boundaries burst by development boom

WHEN a TOWN is booming (and that is an accolade that Swindon has claimed) one of the most obvious outside signs is great activity on the property development front.

The taxi driver who said that business was good because everyone seemed to have plenty of money and added: "Well, you only have to look at how many new houses are being built and how quickly they are snapped up" had more than adequate evidence on his side, as a half-hour tour round the outskirts would confirm.

Further confirmation comes with the announcement of a consortium scheme, led by Crest Homes, to develop the Haydon site and a planning application for one of the biggest schemes in the country.

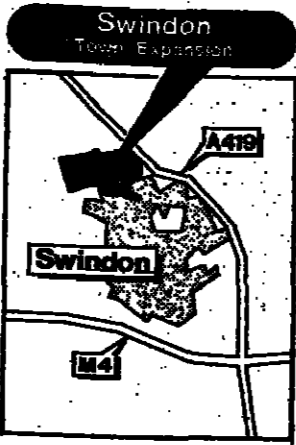
Having expanded east and west, the Haydon Development Group would like to see Swindon develop its northern sector. It has asked for permission to build on a total area of about 690 acres of residential land, and 174 acres of employment land, devote 8 acres to a district centre, a leisure centre, and retail shopping, leaving a further 335 acres of open space.

The whole scheme, covering more than 1,250 acres, would cost about £500m, and could mean up to 9,000 new houses being built. It would be almost a new small town in its own right and the proposals are likely to go before the Environment Secretary after a public inquiry.

A planning decision is likely to take two or three months. In describing its scheme as "possibly the last phase of the planned expansion of Swindon," the consortium emphasises the projected creation of 3,000 jobs from the building programme itself and the likely creation of an additional 4,000 indirect jobs.

It also says that, unless the demand is given for further development, there will be housing shortages, as the population is expected to rise from its present 130,000 to over 170,000 in the mid-1990s.

The western side developments have also created a new community, with a vast array of houses differing in styles and prices from £60,000 to £200,000 for executive homes. Alongside the



present) and the appeal of the town centre will therefore be weakened. Council policy on retail patterns is due to be reviewed over the next three months and that, too, is causing some of the retail chains that would like to move in to hesitate.

A policy which denies them out-of-town opportunities so as to protect the town centre will merely lead to a string of appeals, as the present retail chain stores seem happy to stay put.

The opening of a Co-operative superstore in the Old Town, that area of Swindon where the present hub developed around the historic Great Western Railway works, has led to an interesting architectural solution to the problem of blending in with surroundings which have extra appeal to some of the older-established businesses and where the houses are described by some as forming "our little Chichester."

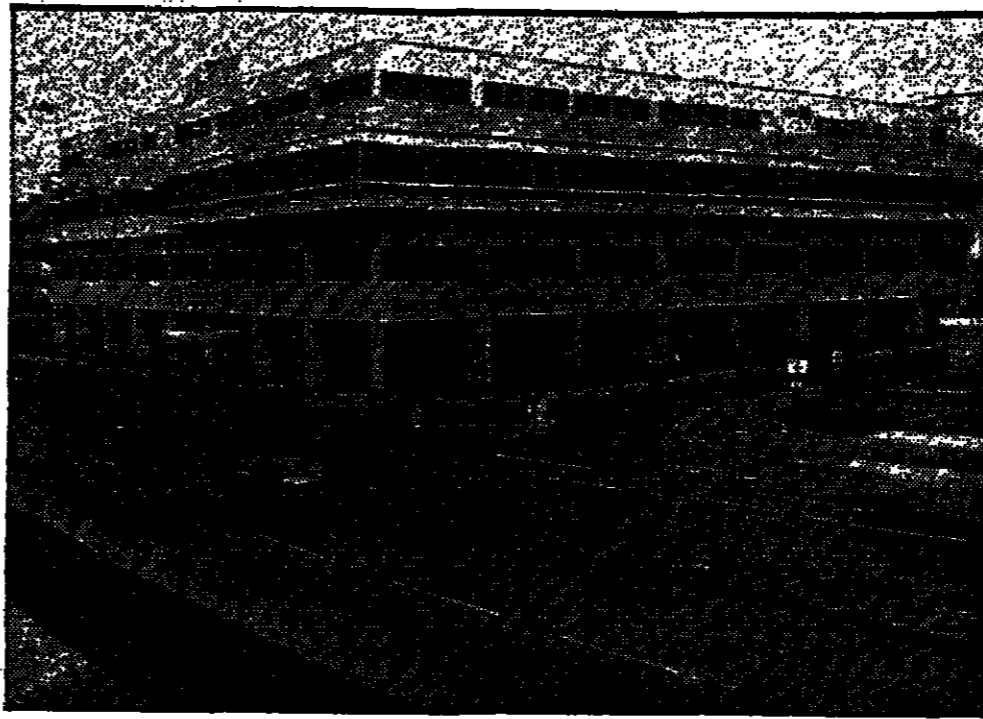
Many firms of estate agents are now monitoring the scene, with Sturge, Drewseats and Loveday and Loveday in the lead. They point to expansion of local concerns, rather than ever more coming in as the main cause for office-block lettings and there is also a trend to shorter lettings as tenants keep their occupancy and rent options open.

Loveday and Loveday reports that while developers in the central area are looking for rents in excess of £9 per sq ft a year exclusive of rates, "the magic figure of £10 per sq ft has yet to be achieved."

The total stock of industrial premises is down but rents have remained static and one or two of the higher priced, higher specification units have taken some time to let. Modern units of over 15,000 sq ft range up to £3 per sq ft and older units up to the £2.25. Similar rents apply to units between 4,000 and 15,000 sq ft, but there has been continuing demand for places of this size.

For smaller units there is a wide variation in rentals from £4.50 for desirable modern premises down to under £2 for older property.

Industrial land prices have held up well. A guide price is about £150,000 an acre, though



The Nationwide headquarters (above) and the Brunel Centre, examples of modern development in central Swindon

it remains to be seen how the biggest problem and potential opportunity in Swindon fits in to this pattern.

Right in the middle of the town is the old railway works. It occupies about 150 acres, has road and, of course, rail access and at first sight could be thought to be prime. But there are problems. The understore is ash, not the best bed to build on, and some of the buildings are listed.

The council has already shown what can be done with the older-style architecture seen in the neat rows of houses between the shopping centre and the works. They have been cleaned up and are most attractive, but the job of doing the same to the works is much more daunting.

Thoughts of "doing a Covent Garden" are accompanied by fears of the astronomical funds needed to refurbish the old buildings. Moreover, railway lines are not as attractive as the water which contributes to the atmosphere so agreeably employed in schemes like the refurbishment of Bristol Docks and many other places where decline has been reversed.

Swindon will need all its skills to engineer a solution that will turn the site into the right product. It is undoubtedly in the right place.

Stuart Alexander

Skillcentre

Joint ventures pull in cash

THE Swindon Skillcentre has largely been government-funded since it was set up in 1978. But from March next year all the guarantees end and it must try to break even. There will still be many government-funded retraining schemes, but it must ensure that it has the right mix of courses, and can attract candidates in sufficient numbers to pay its way.

Mr Ron Saunders, who runs the centre, sees joint ventures and co-operation with other vocational and educational centres as the way forward. The centre's traditional provision of courses in bricklaying and carpentry continue to be very successful. Given the high level of activity on building sites all round the town, it is not surprising that people can be placed in jobs almost before they leave courses.

The Skillcentre is built on the border of Thamesdown and attracts trainees from throughout Wiltshire and parts of Berkshire. Attempts to link with other training establishments in the towns have failed, but Mr Saunders still believes that they should complement each other rather than duplicate courses.

He has been successful in establishing joint venture courses with industry and is particularly keen to expand this role as the need for skill certification increases.

There is going to be a growing requirement for skilled people to have a certificate concerning training to agreed levels of practical skills," he says.

There is also a need for industry to turn to Skillcentres for their training on a contract basis, perhaps where manufacturers need to ensure that customers can use equipment properly. One example is a venture with a local company, Magnaflex, one of only three major companies in the UK making non-destructive testing equipment.

They are offering a course for testers of equipment such as contacts from Egypt and the Middle East, where Magnaflex has export contracts.

The centre sent an instructor to be trained by both Magnaflex and one of its major customers, Rolls-Royce Aero Engines. So now it can take on the training school job run by Magnaflex and can offer Rolls-Royce competence certificates.

On another course welders can be retained to certification that they can meet Lloyd's of London specifications, often an important prerequisite when tendering for contracts.

At the other end of the scale, the centre works closely with the Swindon Enterprise Trust established to help create small businesses, perhaps by workers made redundant.

Only a dozen applications for retraining followed the latest wind-down of the British Rail works, all of whom now have jobs. This may have been because as many as two-thirds of the 1,900 workers made redundant were over 50 years old and all the apprentices were offered jobs within British Rail.

The centre also has a retraining programme for those unemployed for more than a year. This involves a week's counselling, and includes advice on interview techniques, and providing background information. About 14 people a week are involved, and they can come for once-a-week visits after that for up to six weeks.

Mr Saunders is unhappy, however, that more people are not coming forward for training in the traditional area of engineering. "Lots of companies are screaming for traditional engineering skills," he says. He quotes a recent example of a local firm offering a skilled grinder £400 a week. There were no takers.

Some courses face problems. Nobody turned up for one on microelectronics, which led to enough publicity to attract a full complement.

So 13 places were offered on a second course, but only four people applied. Hence the centre's support for a marketing manager.

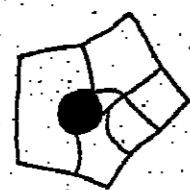
In another joint venture the centre will be providing the facilities for a scheme entitled Weldlink and run by the Cranfield Institute of Technology. Formerly a centre of military scientific research and skill training at nearby Shrivenham, the Cranfield Institute has opened its doors to a far wider intake and is also aiming to be commercially viable.

The welding facilities and training at the Skillcentre will be incorporated into the Cranfield courses but these are only small beginnings for what Mr Saunders hopes will be a much broader programme of co-operation.

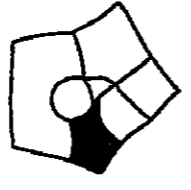
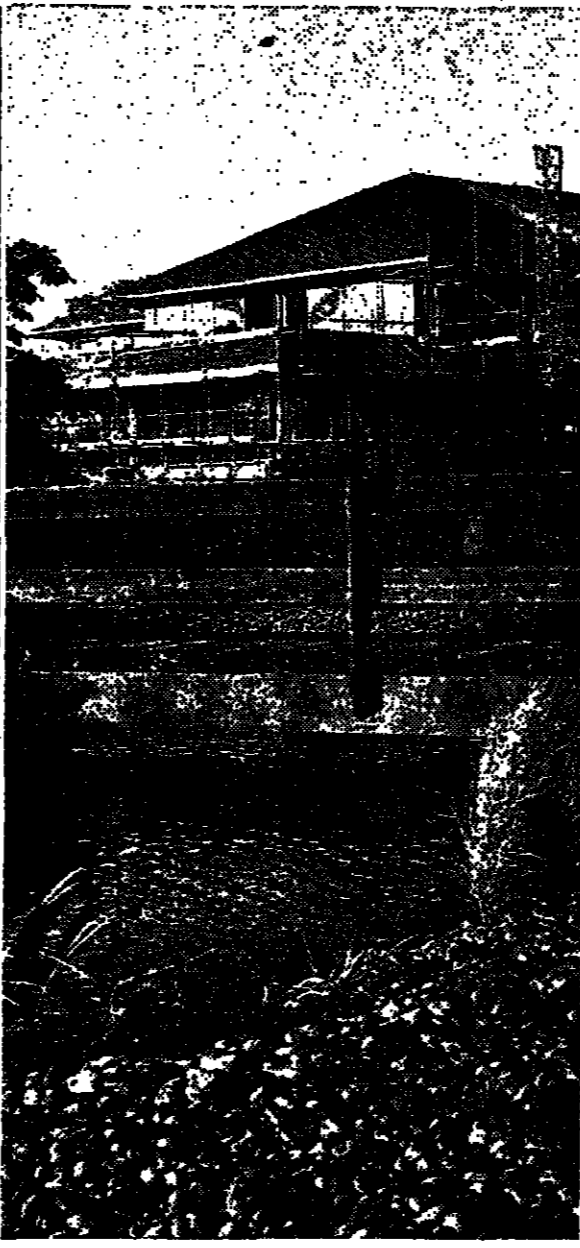
Stuart Alexander

The future takes shape

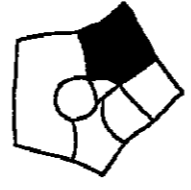
Windmill Hill



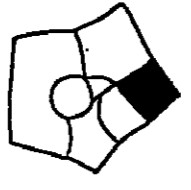
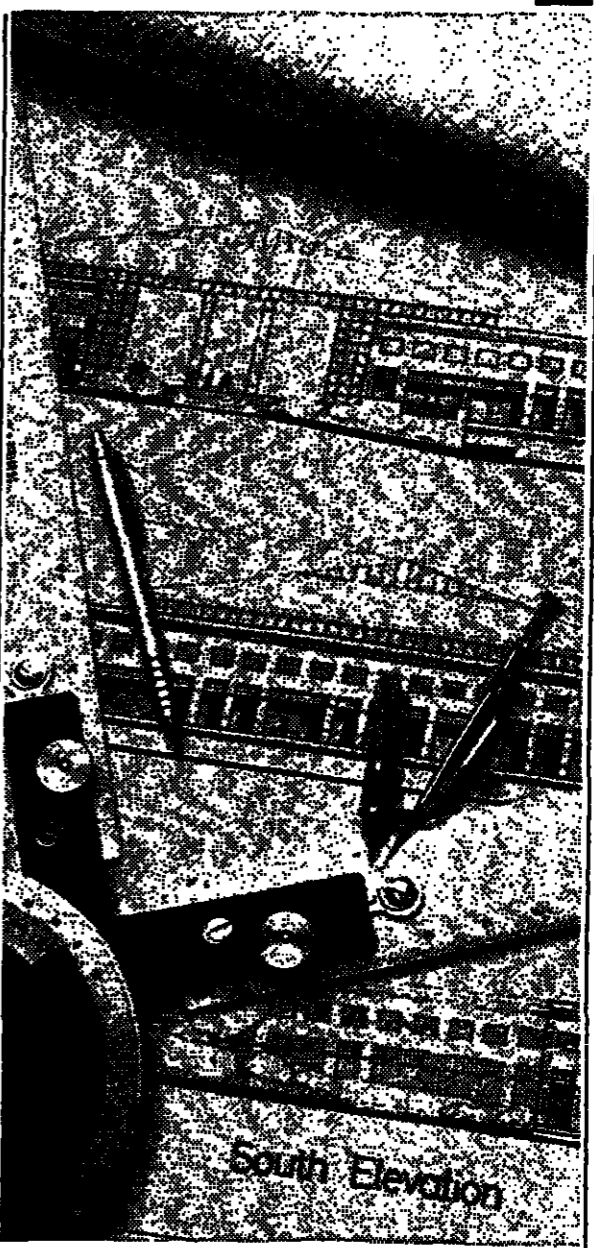
Phase One fully let



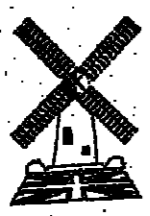
Phase Two under construction



PHH European Headquarters now under construction



Phase Three planning approved



The future takes shape: Windmill Hill, Britain's first integrated Business Park, is now a reality.

Phase I is fully let - Phase II "Optimus" offering some 68,000 sq. ft. of air-conditioned office floor space with 240 car parking spaces is due for completion in Spring 1987. Phase III consisting of 5 individual buildings of 25, 35 and 45,000

sq. ft. linked by a covered courtyard has now received planning approval, and construction work has started on PHH International's new European Headquarters.

Situated just yards from Junction 16 of the M4 in one of the fastest growing economies of the EEC, Windmill Hill is ideally placed to meet the needs of modern business.

To find out more about the future ring now.

Swindon

A development by St Martins Property Group.

20 The Mall, Clifton,
Bristol BS8 4DR.
Tel: (0272) 739463
Fax: (0272) 739061.



Cairns Barefoot
0793-615477
20 WOOD STREET SWINDON

20 Hanover Square,
London, W1R 0AL.
Tel: 01-493 4114
Fax: 01-629 8171

Knight Frank & Rutley

SWINDON 4

PROFILE: KEMBREY ENGINEERING

Re-emergent engineers pleased to be ordinary

MR BOB BURNS has his teeth firmly stuck into revitalising the small engineering group he and his partners took over on the Kembrey Park estate. An engineer from Birmingham, he has been joined by Michael Cleary, an accountant who had been finance director of Dixons and Ladbrokes. They had no problems raising the capital to fund the leveraged buy-out of the group and both are impressed at the way Schroder Venture Capital holders of 34 per cent of the equity, continue to contribute afterwards rather than interfere.

They have set their sights on being a mid-tech manufacturer supplying companies at the frontiers of technology.

"We are pleased to be ordinary. We are a re-emergent engineering company feeding the hi-tech industry and no-one should forget that they rely on the feeder companies," Mr Burns says.

When setting up they said it was easier to present a case for revamping an established company rather than creating something exotic and speculative.

They also hope to use the four-company group which employ about 200 people, as a vehicle for expansion. But be-

fore that, there is a lot of work to do with Kembrey Engineering, like so many other companies in the town, originally a Plessey satellite.

"We are turning round a business which is inherently profitable, but in practice was only marginally so. We have had to make some people redundant and, through a misunderstanding, that was received more unhappily in the town than it should have been. But hard work and courage, rather than genius, will be the secret of success."

The contrast of activities in the deceptively large machine shop, one of the oldest of the out-of-town developments in Swindon, highlights the complexity of the task. Alongside the rows of machine tools, churning out precision parts from raw metal, are ranks of templated tables for assembly of the latest electrical harnesses for use in jet engines and missiles.

The biggest customer is Rolls-Royce, which has given Mr Burns considerable support during the transition in ownership, and in product development.

The harnesses also incorporate parts made and

assembled by Kembrey and which are themselves a microcosm of some of the problems which can tantalise a small company.

The connectors carrying the harness wires to the engines are held in place by cable restraint clamps. They are hardly recognisable as anything other than a threaded clamp with a couple of bolts. But being the aero industry, the standards are very high.

Kembrey has the approval of Rolls-Royce and that is a significant endorsement of its standards. But it also needs the design approval of Boeing to attack the world market.

Overcoming that obstacle is not so much a matter of engineering standards. It means breaking into a small, elite circle where Boeing has more than enough US suppliers.

There are problems at home, too. Kembrey is constantly searching for skilled craftsmen, particularly machine setters. Nationwide advertising has produced only two, and one is likely to return home to his family. The five apprenticeships a year will not be enough to cope with an ageing workforce.

Stuart Alexander



Bob Burns (left) and Michael Cleary, with a Coffman starter, used for engines in harsh conditions

Hotels

More room at the Inn

WHEN THE Holiday Inn opens its doors in 1968, probably in the spring, Swindon will be well provided with three and four-star hotels. But it will still lack two-star hotels offering a more economical service. It is exceptionally difficult to obtain a three or four-star hotel room in the town in midweek, when they are filled with business travellers, and hard to sell them on the weekend, in spite of discounting.

Marketing campaigns may go down well in London or resorts such as Stratford on Avon or Harrogate, but life for the hotel marketing manager in places like Swindon is more difficult over the weekend.

The Holiday Inn will bring Swindon's tally to last season's good hotels. The Crest has recently been refurbished at a cost of about £1m and now has the almost essential leisure facilities that tired business bodies and minor are expected to benefit from. Trusthouse Forte's Post House also has a gym and swimming pool, alongside the restaurant were high-criteria meals make attendance on the bicycles and in the pool almost mandatory.

Blunsden House, although not in the town centre, is the top-rated hotel and the only four-star until Holiday Inn opens. The complement is made up of the Goddard, now owned by Grand Metropolitan and the Wiltshire, which belongs to Chrysalis Records.

At the next level down there is no dearth of interest but little commitment. Half-a-dozen groups are understood to be talking to the council about planning permission for the construction of two-star hotels which would provide from 60 bedrooms to about 100.

These groups all want to be near the M4 on greenfield sites. It is too expensive to refurbish an existing building at the level of service these provide.

The council has set up a project group to consider the applications but there is a feeling that it is not only acting

too late but has done too little over the past few years.

The big influx of companies into Swindon has put enormous pressure on facilities and the local authority seems to have been far more concerned with attracting new jobs than with providing the facilities that go with them.

One or two concerns have even been toying with building their own residential training and conference facilities to get over the problem. This would mean their going outside the borough, since the supply of available land is limited. Some have already put their staff into hotels well outside the town.

Given the good facilities in Bristol, Bath, Cheltenham and Oxford, all within 50 to 40 minutes' drive, Swindon could lose a valuable source of income and employment unless it takes a more positive attitude towards hotels.

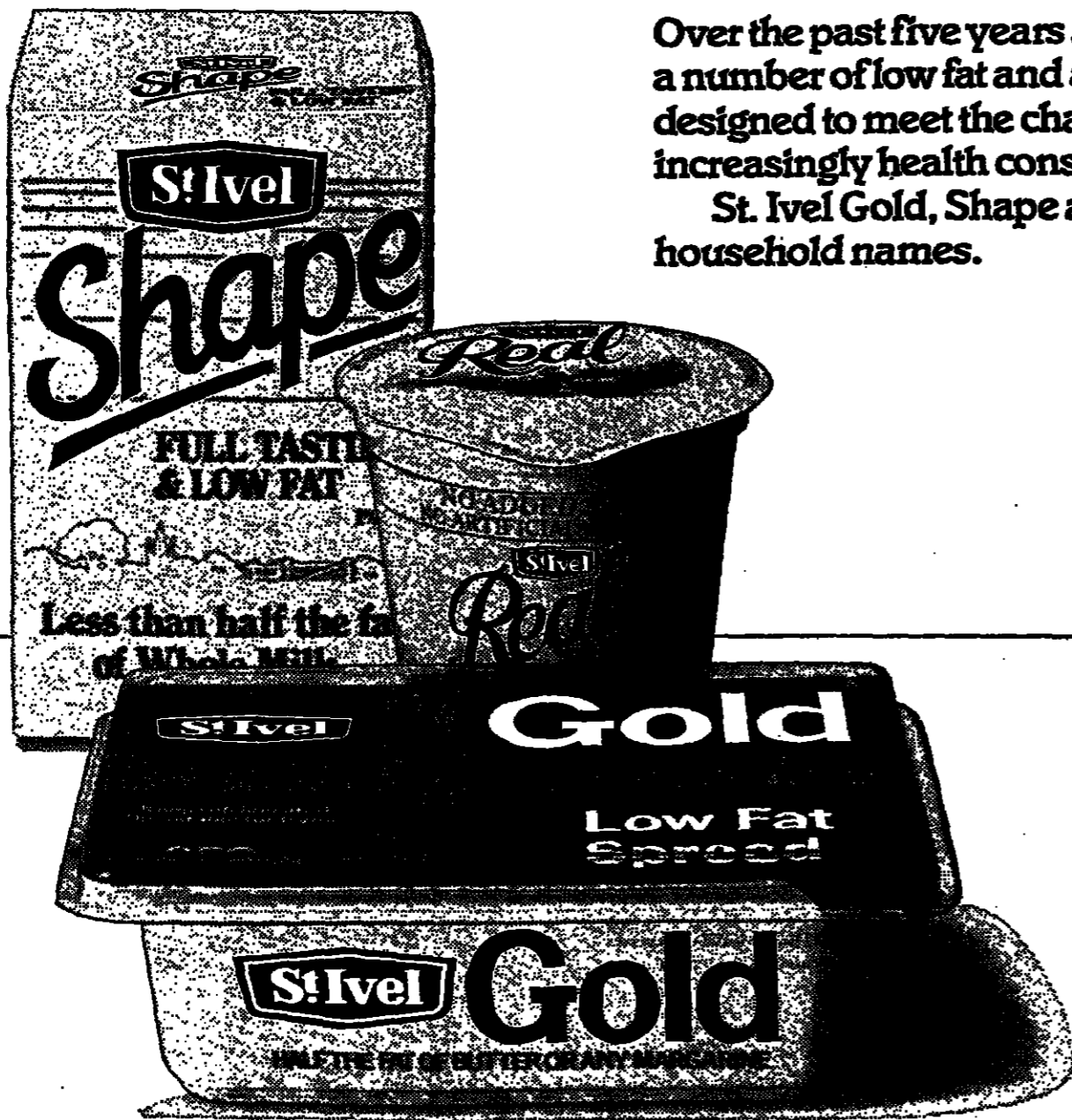
On the positive side, the town has built excellent leisure facilities, with the £10m Link Centre and its ice rink comparable with any in the country. But there is still a great need for a conference centre that the sort of companies now in Swindon demand. The largest conference "centre" in one of the hotels, can accommodate only 150 people.

The faith of companies which want to build at the lower end of the scale is almost matched by one at the very top end. Isis, a Midlands plant-hire and construction group that went into hotels with the up-market Stington Park near Stratford-on-Avon, wants to repeat the operation in Swindon.

The group found what it considered the ideal location, a country house in the village of Sutton Fitzwarren. But it felt a lot of objections from villagers and the council turned down Isis's application. Isis is appealing against the decision and a decision is expected early next year.

Anthony Moreton

The Foods of the Future



Over the past five years St. Ivel has launched a number of low fat and additive free products designed to meet the changing tastes of today's increasingly health conscious public. St. Ivel Gold, Shape and Real, are now household names.

St Ivel
ST. IVEL LTD.,
SWINDON, WILTS.

PROFILE: LOU MACARI

Local hero wins on points



Lou Macari, Swindon Town FC's manager.

THE MAN who has assumed the mantle of local hero in Swindon has only been in the town just over two years. Lou Macari, a teetotal Scot with an American wife, is rarely to be found anywhere other than in an out-of-centre site on the ring road.

When he arrived to manage Swindon Town Football Club it was languishing in the Fourth Division, had sold its heritage in the form of players to anyone who would take them and its ground in the form of a big loan from the local authority.

In two years Macari, who had spent 11 years at Manchester United, has redefined his meagre resources in such a way that his team is more disciplined and can achieve some good results on the pitch.

The town council, instead of consigning what some thought a white elephant to a pesthouse, death, have given the club a new lease of life—or, at least, they have lifted the pressure for debt repayment — while a revitalised board of directors has to some extent abandoned its cautious ways and allowed the playing management some freedom.

Macari is far more concerned about points in the league table than day-to-day cash flow, but he knows what a successful football team can have a beneficial effect on the whole town. It makes a big difference that the town's name is conveyed to millions on television and in the newspapers every week in the results sequence.

When the team is also doing well it appears in the top-of-the-table extracts. It is more likely to be used in the match reports and generally becomes more widely talked about. Internally, that public relations bonus was at least as important to Macari last season as it was for Swindon Town in general.

For last season, after a far from propitious start, Swindon Town romped away with the fourth division championship, notching up 102 points, a record in the era of a three-point win. It promptly made Macari a rather better property in the busy-busy of the football management game.

He is still the subject of many approaches and many believe it is only a matter of time before he is lured away to a more glamorous and richer club. Meanwhile he has brought back a sense of pride which spreads far beyond the terraces of the county ground.

Everywhere there is plenty of employment it is recognised that the local football team can improve the mood and en-

thusiasm of the Swindon workforce when it is winning. Macari also sees that those who have lost their jobs may in turn have been given heart by his team's performance.

"People look for some sort of distraction from the hardship of not having a job," he says. "In the last 12 to 18 months the club has been a help to those who do not have a job."

Nor has an increase in the number of unemployed hit Swindon at the turnstiles. That combination of success on the pitch and a need to share in the winning has persuaded many to follow the team more closely at home and away.

They have been coming in at the rate of 8,000 a game on average and the Milk Cup tie against Southampton brought in 9,000. That home road away he alone boosted club income by about £17,000, an apparently insignificant sum for Macari's former world of Manchester United but a valuable bonus for a club like Swindon.

If there are no disasters the club will show a profit this year but Macari is walking a tightrope as he coaxes his 17 players through a long season. A crop of badly-timed injuries would see him having to pull on a jersey himself more times than he would like at St. Ives.

Even progress can be a hazard as what is essentially a squad of players with the talent to win the Fourth Division is stretched by the third and would be unequal to the second.

Macari is pleased with the support he has received at Swindon but remembers that, after the shock of being relegated at all, Manchester United was full of cheering fans every week as they swept all before them in the Second Division. Success and commercial profit went hand-in-hand.

Not that his players are likely to give him the luxury of confidence as he suffers the heart-in-the-mouth leaps that seem to be the football manager's job. "Happiness for a football manager," he says, "is a comfortable second half."

His optimism for Swindon fans will be to see Macari still comfortably in place in the second half of the season.

Stuart Alexander

LONDON RECENT ISSUES

EQUITIES

Table with columns: Stock, Price, Change, High, Low. Lists various equities like Baker-Harris, B&CE, etc.

FIXED INTEREST STOCKS

Table with columns: Stock, Price, Change, High, Low. Lists fixed interest stocks like British Oil & Gas, etc.

"RIGHTS" OFFERS

Table with columns: Stock, Price, Change, High, Low. Lists rights offers for various companies.

Recommendation date usually last day for dealing free of stamp duty. A Annualized dividend, B Figures based on prospectus estimates, C Dividend rate paid or payable as part of capital, cover based on dividend on full capital, D Annual dividend and yield, E Annual dividend and yield after early issue, F Figures based on full capital, G Forecast, H Forecast, I Forecast, J Forecast, K Forecast, L Forecast, M Forecast, N Forecast, O Forecast, P Forecast, Q Forecast, R Forecast, S Forecast, T Forecast, U Forecast, V Forecast, W Forecast, X Forecast, Y Forecast, Z Forecast.

AUTHORISED UNIT TRUSTS

Large table listing authorized unit trusts with columns for Trust Name, Manager, Assets, etc.

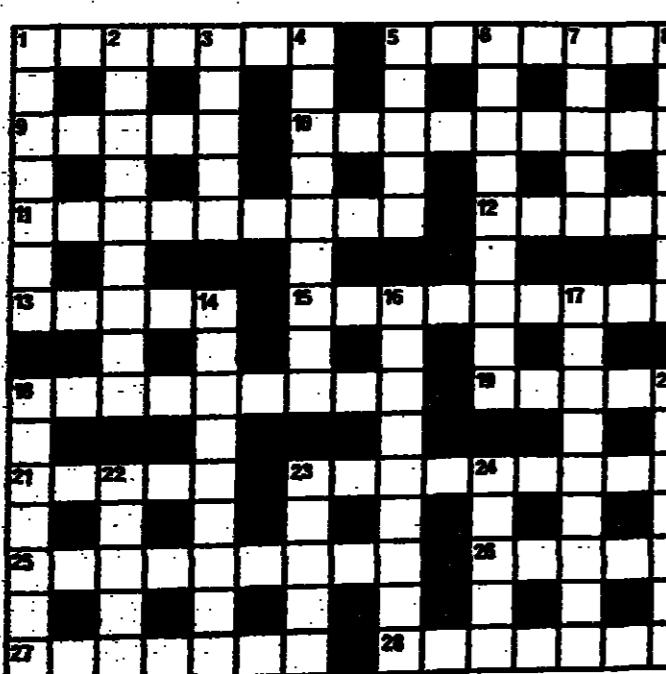
FT UNIT TRUST INFORMATION SERVICE

Large table listing unit trust information with columns for Trust Name, Manager, Assets, etc.

JOTTER PAD

For all levels of banking, broking and secretarial recruitment call: CITY RECRUITMENT CONSULTANTS 58 Houndsditch London EC3A 7DL Telephone: 01-283 3464

FT CROSSWORD PUZZLE No. 6,167



- ACROSS
1 Figure accepted by left as evil omen (7)
2 Organ-stops found in record books (9)
3 Run on special edition of paper (9)
4 Sailor—ones who wrote letters in train perhaps (9)
5 Corner in fish (5)
6 The cleaner to put a fellow off (7)
7 Order girl to enter city at last (5)
8 Top of egg divided without being cut (7)
9 Probably among first arrivals for Diet of Worms? (5, 4)
10 Claimant who's not really serious? (9)
11 Puts too high a value on cricketing problem (9)
12 Thought highly of maid turning colour (7)
13 Made certain ruse was deployed in the finish (7)
14 Excellent but unwanted actor (6)
15 Awkward parts of gins (5)
16 Stick with the employees (5)
17 The solution to last Saturday's prize puzzle will be published with names of winners next Saturday.
DOWN
1 Knightly patron finding boy in agony (7)

AUTHORISED UNIT TRUST & INSURANCES

Main table containing financial data for various insurance and unit trust companies, including names, addresses, and financial figures.

Handwritten signature or stamp at the bottom of the page.

Handwritten scribble at the top center of the page.

INSURANCE, OVERSEAS & MONEY FUNDS

Table listing various insurance and overseas funds, including company names, fund names, and numerical values.

Table listing insurance and overseas funds, including company names, fund names, and numerical values.

Table listing insurance and overseas funds, including company names, fund names, and numerical values.

Table listing insurance and overseas funds, including company names, fund names, and numerical values.

Table listing insurance and overseas funds, including company names, fund names, and numerical values.

Table listing insurance and overseas funds, including company names, fund names, and numerical values.

Table listing insurance and overseas funds, including company names, fund names, and numerical values.

Table listing insurance and overseas funds, including company names, fund names, and numerical values.

Table listing insurance and overseas funds, including company names, fund names, and numerical values.

Table listing insurance and overseas funds, including company names, fund names, and numerical values.

MANAGEMENT SERVICES

David M. Aron (Personal Fin. Plans) Ltd
25 St. James Street, London SW1A 2JH
Tel: 01-235 2001

OFFSHORE AND OVERSEAS

Admiral Investment Fund SA
37 rue de la Loi, Luxembourg
Tel: 4771

Money Market Trust Funds

Table listing Money Market Trust Funds with columns for Gross, Net, and other metrics.

Money Market Bank Accounts

Table listing Money Market Bank Accounts with columns for Gross, Net, and other metrics.

TRADITIONAL OPTIONS

Table listing Traditional Options with columns for 3-month call rates and other details.

BRITISH FUNDS

Table of British Funds with columns for Name, Price, and % Chg. Includes sections for 'Starts' (Lives up to Five Years), 'Five to Fifteen Years', and 'Over Fifteen Years'.

INDEX-LINKED

Table of Index-Linked funds with columns for Name, Price, and % Chg.

INT. BANK AND O.E.S. GOVT. STERLING ISSUES

Table of International Bank and Overseas Government Sterling issues with columns for Name, Price, and % Chg.

CORPORATION LOANS

Table of Corporation Loans with columns for Name, Price, and % Chg.

COMMONWEALTH & AFRICAN LOANS

Table of Commonwealth and African Loans with columns for Name, Price, and % Chg.

FOREIGN BONDS & RAILS

Table of Foreign Bonds and Rails with columns for Name, Price, and % Chg.

AMERICANS

Table of American funds with columns for Name, Price, and % Chg.

AMERICANS - Cont.

Continuation of American funds table with columns for Name, Price, and % Chg.

CANADIANS

Table of Canadian funds with columns for Name, Price, and % Chg.

BANKS, HP & LEASING

Table of Banks, HP & Leasing funds with columns for Name, Price, and % Chg.

BEERS, WINES & SPIRITS

Table of Beers, Wines & Spirits funds with columns for Name, Price, and % Chg.

DRAPERY AND STORES

Table of Drapery and Stores funds with columns for Name, Price, and % Chg.

BEERS, WINES & SPIRITS

Table of Beers, Wines & Spirits funds with columns for Name, Price, and % Chg.

BUILDING, TIMBER, ROADS

Table of Building, Timber, Roads funds with columns for Name, Price, and % Chg.

AMERICANS

Table of American funds with columns for Name, Price, and % Chg.

LONDON SHARE SERVICE

BUILDING, TIMBER, ROADS - Cont.

Continuation of Building, Timber, Roads share list with columns for Name, Price, and % Chg.

DRAPERY & STORES - Cont.

Continuation of Drapery & Stores share list with columns for Name, Price, and % Chg.

ELECTRICALS

Table of Electricals shares with columns for Name, Price, and % Chg.

CHEMICALS, PLASTICS

Table of Chemicals, Plastics shares with columns for Name, Price, and % Chg.

DRAPERY AND STORES

Table of Drapery and Stores shares with columns for Name, Price, and % Chg.

BEERS, WINES & SPIRITS

Table of Beers, Wines & Spirits shares with columns for Name, Price, and % Chg.

BUILDING, TIMBER, ROADS

Table of Building, Timber, Roads shares with columns for Name, Price, and % Chg.

AMERICANS

Table of American shares with columns for Name, Price, and % Chg.

ENGINEERING - Continued

Continuation of Engineering share list with columns for Name, Price, and % Chg.

INDUSTRIALS - Continued

Continuation of Industrials share list with columns for Name, Price, and % Chg.

FOOD, GROCERIES, ETC.

Table of Food, Groceries, Etc. shares with columns for Name, Price, and % Chg.

HOTELS AND CATERERS

Table of Hotels and Caterers shares with columns for Name, Price, and % Chg.

ENGINEERING

Table of Engineering shares with columns for Name, Price, and % Chg.

INDUSTRIALS (Misc.)

Table of Industrials (Misc.) shares with columns for Name, Price, and % Chg.

Handwritten note: 10/21/86

10/11/80

INDUSTRIALS—Continued

Table of industrial stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, last price, and change.

LEISURE—Continued

Table of leisure stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, last price, and change.

PROPERTY—Continued

Table of property stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, last price, and change.

INVESTMENT TRUSTS—Cont.

Table of investment trusts including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, last price, and change.

FINANCE, LAND—Cont.

Table of finance and land stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, last price, and change.

MINES—Cont.

Table of mining stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, last price, and change.

MOTORS, AIRCRAFT TRAVEL

Table of motor and aircraft travel stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, last price, and change.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publisher stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, last price, and change.

SHIPPING

Table of shipping stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, last price, and change.

SHOES AND LEATHER

Table of shoes and leather stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, last price, and change.

SOUTH AFRICANS

Table of South African stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, last price, and change.

TEXTILES

Table of textile stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, last price, and change.

PAPER, PRINTING, ADVERTISING

Table of paper, printing, and advertising stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, last price, and change.

PROPERTY

Table of property stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, last price, and change.

TOBACCO

Table of tobacco stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, last price, and change.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, last price, and change.

OVERSEAS TRADERS

Table of overseas trader stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, last price, and change.

PLANTATIONS

Table of plantation stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, last price, and change.

Notes section containing various financial and market-related information.

Regional and Irish stocks section containing information about regional and Irish companies.

Recent issues and rights section containing information about recent issues and rights of companies.

DIARY DATES

CONSTRUCTION

Possible overload forecast

CONTRACTORS are salivating over the prospect of £2.6bn worth of extra work in the next five years, after the Eurotunnel Group struggled over its first £2.6bn share placing.

next five years. That would be equivalent to 20 per cent of the whole UK construction industry's present turnover apart from housing and maintenance work.

£13m naval base jetty

COSTAIN CIVIL ENGINEERING, part of Costain Group, has been awarded a £13m contract by the Property Services Agency to construct the Weston Mill lake jetty at HM Naval Base, Devonport.

Advice centre and library at Hounslow

NORWEST HOLST has started a string-out contract worth £3.5m for the London Borough of Hounslow on a central library and advice centre.



An architect's impression of Western Dock 2, a £14.3m housing development in London's dockland being undertaken for Regalian Properties by JOHN MOWLEM & CO.

CLARKE CONSTRUCTION (MIDLANDS), part of the Clarke Group, has won a contract from St Modwen Properties to build a 48,500 sq ft storage and distribution warehouse in a £1.8m-plus British Telecom development in Kansas Avenue, Salford, Manchester.



FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week.

Table of financial diary entries including dates, times, and descriptions of events such as 'COMPANY MEETINGS', 'DIVIDEND & INTEREST PAYMENTS', and 'BOARD MEETINGS'.

Trade fairs and exhibitions: UK

Table listing UK trade fairs and exhibitions with dates, locations, and organizers.

Overseas

Table listing overseas trade fairs and exhibitions with dates, locations, and organizers.

Business and Management Conferences

Table listing business and management conferences with dates, topics, and locations.

Financial Times Conferences

European Business Forum - Italy and the International Economy

Possibly the most distinguished panel of speakers the FT has ever assembled comes together in Rome on November 10 and 11 to participate in this important forum.

World Telecommunications

The confusing challenges and uncertainties facing the telecommunications industry and the changing conditions in international markets will be among the key issues to be debated at the Financial Times annual World Telecommunications conference.

World Pulp and Paper Conference

The internationalisation of the pulp and paper industry and, with increasingly competitive markets, the impact of rationalisation will be the central themes of the Financial Times seventh Pulp and Paper conference.

Swiss Bank Corporation and your future capital markets. Swiss Bank Corporation's Capital Markets Division has a new address as of November 3rd, 1986: 8022 Zurich, Bärensasse 16, phone 01/223 11 11, fax 01/223 48 13, telex 814 583.

Swiss Bank Corporation logo and address information. Includes the text 'The key Swiss bank' and 'General Management in CH-4002 Basle, Aeschengplatz 6, and in CH-8022 Zurich, Paradeplatz 6.'

Get your News early in Köln. Includes a small image of a building and contact information.

Get your News early in Düsseldorf. Includes a small image of a building and contact information.

A Financial Times Survey World Telecommunications 1st December, 1986. Includes contact information for Nina Jasinski.

Large advertisement for Financial Times Conferences, detailing the European Business Forum, World Telecommunications, and World Pulp and Paper Conference.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Closing prices, October 31

Main table of stock prices with columns for stock name, price, and change. Includes sub-sections for 'D D D D', 'K K K K', and 'O O O O'.

Continued on Page 39

Handwritten scribble or signature at the bottom of the page.

NYSE Composite Closing Prices table with columns for Stock, High, Low, Last, Change, and various market indicators.

AMEX Composite Closing Prices table with columns for Stock, High, Low, Last, Change, and various market indicators.

OVER-THE-COUNTER Nasdaq national market, closing prices October 31

Over-the-Counter table with columns for Stock, High, Low, Last, Change, and various market indicators.

Hand Delivery Service advertisement for Antwerp/Brussels/Gent/Kortrijk, Leuven/Liege/Luxembourg, and Belgium & Luxembourg. Includes contact information for Philippe de Norman.

CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

Changing fortunes for dollar and pound

THE FORTUNES of currencies turned round last week, with a rejuvenated dollar lending a helping hand to its elderly relative, sterling.

Exporting Countries pricing committee called, at Saudi Arabia's request, it was made clear it was intended to lead the way towards an oil price of \$18 a barrel.

The main figures due for publication on the money market are tomorrow's UK official reserves for October. These are expected to show a fall, because of Bank of England support for sterling.

As Japan cut its discount rate Mr Kihichi Miyazawa, Japanese Finance Minister, and Mr James Baker, US Treasurer Secretary, reached agreement to co-operate on foreign exchange market issues.

package of measures to stimulate Japanese growth and reduce trade imbalances. He added that the US remained committed to reducing its budget deficit.

deficit was only \$12.56bn, compared with a revised \$14.03bn in August and \$16bn in July.

IN NEW YORK

Table with columns: Oct 31, Close, Previous Close. Rows include 1 month, 3 month, 6 month, 12 month.

STERLING INDEX

Table with columns: Oct 31, Previous. Rows include 9.00 am, 10.00 am, 11.00 am, 12.00 pm, 1.00 pm, 2.00 pm, 3.00 pm, 4.00 pm.

CURRENCY MOVEMENTS

Table with columns: October 31, Base of £100, Morgan Guaranty Change %.

CURRENCY RATES

Table with columns: Oct 31, Bank rate, Special Drawing Right, European Currency Unit.

OTHER CURRENCIES

Table with columns: Oct 31, £, \$.

FORWARD RATES AGAINST STERLING

Table with columns: Spot, 1m, 3m, 6m, 12m.

MONEY MARKETS

Caution follows Japanese rate cut

THERE was little reaction to news the Bank of Japan had cut its discount rate by 1/2 per cent to 3 per cent.

UK clearing bank base lending rate 11 per cent since October 15

Big Bang in the City failed to generate more business for the discount houses, as suppliers of short-term liquidity.

dollar, leaked back into the domestic banking system, and were absorbed when the central bank did not fully replace expiring securities.

FT LONDON INTERBANK FDNG

Table with columns: 11.00 a.m., Oct 31, 3 months U.S. dollars, bid 5 1/2, Offer 5 1/2.

The below rates are the arithmetic means, rounded to the nearest one-hundredth, of the bid and offered rates for \$10m quoted by the market to free reference bank at 11.00 a.m. each working day.

BANK OF ENGLAND TREASURY BILL TENDER

Table with columns: Oct 31, Oct 24, Oct 24.

WEEKLY CHANGE IN 6-MONTH INTEREST RATES

Table with columns: Oct 31, change, Oct 24, change.

EMS EUROPEAN CURRENCY UNIT RATES

Table with columns: Currency, Amount, % change from central bank, % change from previous day, Divergence from %.

EXCHANGE CROSS RATES

Table with columns: Oct 31, £, \$, DM, Yen, F Fr, S Fr, H Fl, Lira, C S, S Fr.

EURO-CURRENCY INTEREST RATES

Table with columns: Sterling, U.S. Dollar, D. Dollar, D. German, S. French, N. Italian, B. Ft. (P.), S. Ft. (P.), Yen, D. Krone, S. Won.

POUND SPOT - FORWARD AGAINST THE POUND

Table with columns: Oct 31, Day's spread, Close, One month, % Three months, % Six months, % One year.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Table with columns: Oct 31, Day's spread, Close, One month, % Three months, % Six months, % One year.

LIFFE LAMB BILT FUTURES OPTIONS

Table with columns: Strike, Call, Put, Last, Dec, Mar, Jun, Sep.

LIFFE 25 OPTIONS

Table with columns: Strike, Call, Put, Last, Dec, Mar, Jun, Sep.

LIFFE EURO-DOLLAR OPTIONS

Table with columns: Strike, Call, Put, Last, Dec, Mar, Jun, Sep.

CHICAGO

Table with columns: Dec, Mar, Jun, Sep, High, Low, Prev.

THREE-MONTH STERLING

Table with columns: Dec, Mar, Jun, Sep, High, Low, Prev.

CURRENCY FUTURES

Table with columns: Dec, Mar, Jun, Sep, High, Low, Prev.

MONEY RATES

Table with columns: New York, One month, Three months, Six months, One year.

LONDON MONEY RATES

Table with columns: Oct 31, Over-night, One month, Three months, Six months, One year.

LIFFE US TREASURY BOND FUTURES OPTIONS

Table with columns: Strike, Call, Put, Last, Dec, Mar, Jun, Sep.

LIFFE 25 OPTIONS

Table with columns: Strike, Call, Put, Last, Dec, Mar, Jun, Sep.

LIFFE EURO-DOLLAR OPTIONS

Table with columns: Strike, Call, Put, Last, Dec, Mar, Jun, Sep.

CHICAGO

Table with columns: Dec, Mar, Jun, Sep, High, Low, Prev.

THREE-MONTH STERLING

Table with columns: Dec, Mar, Jun, Sep, High, Low, Prev.

CURRENCY FUTURES

Table with columns: Dec, Mar, Jun, Sep, High, Low, Prev.

LIFFE US TREASURY BOND FUTURES OPTIONS

Table with columns: Strike, Call, Put, Last, Dec, Mar, Jun, Sep.

LIFFE 25 OPTIONS

Table with columns: Strike, Call, Put, Last, Dec, Mar, Jun, Sep.

LIFFE EURO-DOLLAR OPTIONS

Table with columns: Strike, Call, Put, Last, Dec, Mar, Jun, Sep.

CHICAGO

Table with columns: Dec, Mar, Jun, Sep, High, Low, Prev.

THREE-MONTH STERLING

Table with columns: Dec, Mar, Jun, Sep, High, Low, Prev.

CURRENCY FUTURES

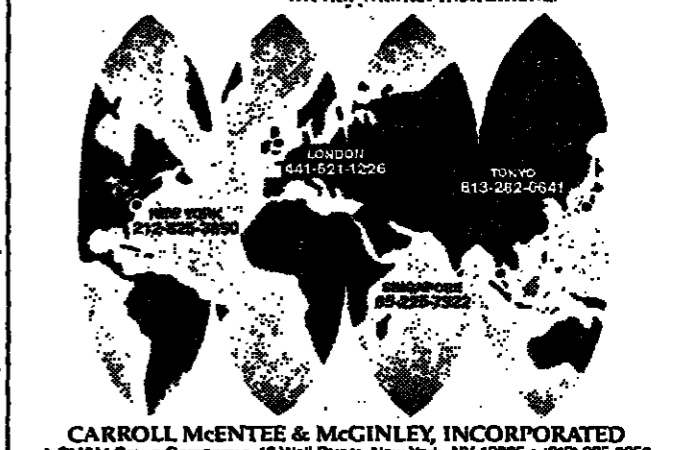
Table with columns: Dec, Mar, Jun, Sep, High, Low, Prev.

What's your company's surplus cash doing tonight?

If it's not earning money market rates of interest, the answer is "not enough".

To find out how straightforward and competitive our service is, ring us today before noon on 01-588 2333 or send for our brochure.

Name: Job Title/Company: Address:



CARROLL MCENTEE & MCGINLEY, INCORPORATED

LIFE THE LONDON INTERNATIONAL FINANCIAL FUTURES EXCHANGE

is pleased to announce the addition of ONE AND TWO MONTH MATURITIES to its current expiry cycle on the OPTIONS ON FT-SE 100 STOCK INDEX FUTURES CONTRACT commencing 3rd November 1986

For further information, please contact Nick Carew Hunt or Philip Bruce on 01-623 0444

WestLB logo and text: Fixed Income and Equities Trading - for dealing prices call: Dusseldorf, London, Hong Kong.

TRADITION NORTH AMERICA INC. LOS ANGELES BRANCH and the acquisition of a participation in INTERMONEY S.p.A. ROME

Handwritten signature or mark at the bottom of the page.

Handwritten text at the top center of the page.

FINANCIAL TIMES SURVEY

Singapore

Singapore has survived perhaps its greatest challenge as an independent nation and is emerging from a deep recession with policies set by a younger generation of leadership

New openness prevails

ONE YEAR ago, Singapore was in the midst of a spiral of economic decline that seemed to challenge the very foundations of nationhood. These foundations were only 20 years old, and they were built on the premise that under the strong leadership of Mr Lee Kuan Yew, Singapore's only Prime Minister since independence, and his People's Action Party (PAP), life for Singaporeans would progressively improve.

That ceased to happen last year, after many years of strong advances that had made Singapore the second wealthiest nation in Asia after Japan. Not only was progress reversed, but as bad news continued to build on bad news, it became increasingly apparent that the Government itself had caused much of the problem through gross policy errors.

The Government, evidently, could no longer claim that it knew what was best for Singapore.

There was a smug feeling of self-indication among many who had grown tired of the Government's paternalistic air of superiority. Some of this dissatisfaction had registered a year earlier, in the elections of December 1984, when the Government was returned to power with the lowest majority in its history.

fall by 13 percentage points to 62.9 per cent. A record of two opposition MPs were elected to the 77-member parliament.

Hardly the stuff of political crisis by western standards, yet these were clear signs that something was wrong. The smallest waves in Singapore have the capacity to rock what is more accurately described not as a ship, but as a boat of state.

Singapore is tiny, just 2.6m people, crowded onto an island 41.6 kilometres long and 22.9 kilometres wide. It is over-

By Steven Butler

shadowed by Malaysia to the north, and positively dwarfed by Indonesia, the fifth most populous nation in the world with 166m people, which seems actually to surround it in a broad arc from the south. It is a Chinese island in a sea of Malays.

Prosperity, growth, and stability are the lifeline of Singapore, the only means to preserve and expand on its role as an international entrepot centre, as a key player in the 24-hour global financial system, and as the business and financial capital of Southeast Asia.

Singapore is 76 per cent Chinese, and nothing is more

nightmarish than the thought of economic decline leading to a resurgence of the racial tension that rocked the island in earlier decades.

That, of course, did not happen. Today, one year after the economic crisis came into full bloom, the economy has not yet recovered, even though clear signs have emerged that it has touched bottom and begun the long process of rebuilding.

Yet Singapore the nation has been buoyed up with a show of the resilience and resourcefulness that for 20 years had made it one of the fastest growing economies in the world.

Perhaps it should have been expected that the Government that had engineered such fantastic economic growth for so many years would be able to devise policies to take the nation out of recession. It should not be surprising that a pragmatic government—and Mr Lee has always been pragmatic—would be willing to sacrifice any sacred cow that threatened to stop the nation's forward motion.

Many Singaporeans were startled to learn that the Prime Minister had finally sanctioned cuts in employers' contributions to the Central Provident Fund (CPF), a self-financed, mandatory pension scheme for all employees in the island state. The CPF had been a symbol of the Government's foresightedness.



Singapore under Prime Minister Lee Kuan Yew has demonstrated its resilience and resourcefulness in a painful recession and has begun the long process of rebuilding the economy

It had forced Singapore into having one of the highest savings rates in the world, and provided a ready stock of funds for building Singapore into the model city for which it has become famous.

The Prime Minister, in August 1985, had vowed that the CPF would be the last thing to touch, but six months later this policy was reversed after it was realised that the scheme had boosted labour costs beyond what was internationally competitive and had helped contribute to weakness in domestic demand.

The cut in CPF contributions was just one of a range of new policy initiatives designed to pull the nation out of recession, and to provide for long-term development.

More remarkable than the shift in policies, however, is the fact that radical changes have been introduced without any of the old complaints that the Government had acted in a

high-handed manner, without consulting the people of Singapore.

This is because the Government did, indeed, consult the people in what was probably the most elaborate public debate in the island's state history. Brig-General Lee Haien Loong, son of the Prime Minister and now Acting Minister for Trade and Industry, headed a highly-publicised Economic Committee that regularly primed the public for what was to come in a series of analytic reports on the economy produced by sub-committees drawn from the public and private sector.

There was no surprise when, in March, the Government cut the CPF contributions, taking money from every Singaporean's retirement, nor when it slashed corporate taxes, proposed a two-year wage freeze or introduced a series of measures designed to reward and encourage private business initiatives.

With the measures so thoroughly aired, they were accepted with just a whimper of public protest because the vocal public understood why they were necessary, however painful they might have been.

The success of the committee, which is universally recognised, has earned the Prime Minister's son his spurs. He was once seen as something of a lightweight boy wonder whose rapid emergence could only be traced to a fast ride on his father's coat-tails.

This is no longer the case, and General Lee is now accepted as an important political player in his own right.

Ironically, as General Lee has proven himself, and his real influence grows, speculation that he might succeed his father directly as Prime Minister has faded away. Mr Goh Chok Tong, the deputy prime minister, is now clearly tipped to become the next prime minister.

"If Lee Kuan Yew disappeared tomorrow," says a diplomat, "things would proceed without a flicker."

This is all very reassuring for Singapore as a nation. Perhaps the gravest challenge to strike Singapore in its 21-year history, a deep recession that was partly self-induced, has been met by a younger generation of leadership that has heralded a new openness of government.

The Prime Minister has stood back and only vaguely endorsed the new directions set for the economy.

Those new policy directions are broadly designed to scale back the cost of doing business in Singapore in order to attract more investment, and to promote Singapore as a centre of superior human resources—excellence, as the Government now calls it.

Many of the specific measures recommended in the committee report are now in place.

None the less, says General Lee, "It's not yet done. I would not say that the recovery is already pre-destined. There must be a maturing period during which a new tone can be set."

The Government now prods the workforce to learn more, to look outside for new opportunities, to work harder, more efficiently, and to turn up for a third shift in order to improve the return on capital for foreign and domestic investors.

The fear is that Singaporeans, already accustomed to a good standard of living, will relax and let the comparative advantage of the nation slip away.

Complacency would be extremely damaging for Singaporeans. But if the battle against coasting on its past achievements is lost, this time around, no one is likely to accuse the Government of failing to see what lies ahead and working to ward it off.

WE'RE THE FIRST IN THE WORLD TO COMMUNICATE WITH THEM

Intelligence from outer space? On the contrary. It's a close up of optical fibres. Extremely fine tubes of glass that can each transmit hundreds of millions of pieces of information per second. Since February 1977, optical fibres have been carrying commercial traffic between two telephone exchanges in Singapore. Which makes Telecoms

the first in the world to communicate with them*. But then, technical innovation in global communications is not new to Singapore. In fact, our systems are amongst the most advanced in the world. Our data communication capabilities, our infrastructure of satellite, submarine cables, HF, VHF and UHF, our reliability, our high standard of service and our communication

engineering expertise are all second to none. Which isn't surprising when you consider that today Singapore is not only the world's second busiest port, but also one of its most important financial centres. With all this in mind, isn't it time you communicated with us? **Telecommunication Authority of Singapore**



Providing postal and telecommunication services.

For more information, please contact: The Manager, Business Telecommunications Sales, Telecoms, Comcentre, 31 Exeter Road, Singapore 0923, Republic of Singapore. Telephone No. (65) 734 3490. Telex No. RS3955. Telefax: (65) 733 3351. Telebox: 10:HQ001, 10:HQ002.

*Information correct to the best of our knowledge

Manufacturing

Electronics heads the revival

WHETHER OR not Prime Minister Lee Kuan Yew achieves his ambition to turn Singapore into an international centre for finance, business and information, manufacturing is certain to remain a crucial component in the island republic's economy.

Table with 3 columns: Year (1984, 1985, 1986) and 4 rows of quarterly data for Foreign and Local manufacturing investment commitments.

tion facilities in Singapore, having been attracted in the 1980s and 1970s by the island's economic and political stability, its well-educated workforce and, not least, by tax incentives in the first 10 years.

Mitsubishi Electric has Singapore on its list of possible sites for a second overseas semiconductor factory, which by the time it is built is likely to be producing the more advanced 1-megabit DRAM which it claims will have 10 times the storage capacity of a conventional floppy disk.

facilities, was rejected last year. Instead the two yards, in concert with Jurong shipyard, in which the Government holds a 43 per cent stake, and the privately-owned Hitachi Zosen Robbin yard, agreed to limit work to 20 days a month per dock so that the limited business available would be evenly shared.



Mr Dick Van Hiltten, chairman of Shell's Singapore operation: overcapacity unlikely to go away

Trade and Investment

Sharper edge to competitiveness

MEASURES TAKEN by the Singapore Government to bring as quickly as possible an end to the recession in its external economy have covered a broad sweep this year—a wage freeze, tax cuts, and special incentives schemes most prominent among them.

THE INVISIBLE PROOF OF SINGAPORE'S RECOVERY. AND THE CONCRETE. Marina Square is the largest shopping, hotel and entertainment centre in S.E. Asia. It opens on December 1st.

Advertisement for Marina Square development, featuring a large image of the building and text describing its features and opening date.

Roger Beale

Gordon Cramb

Singapore 4

Finance

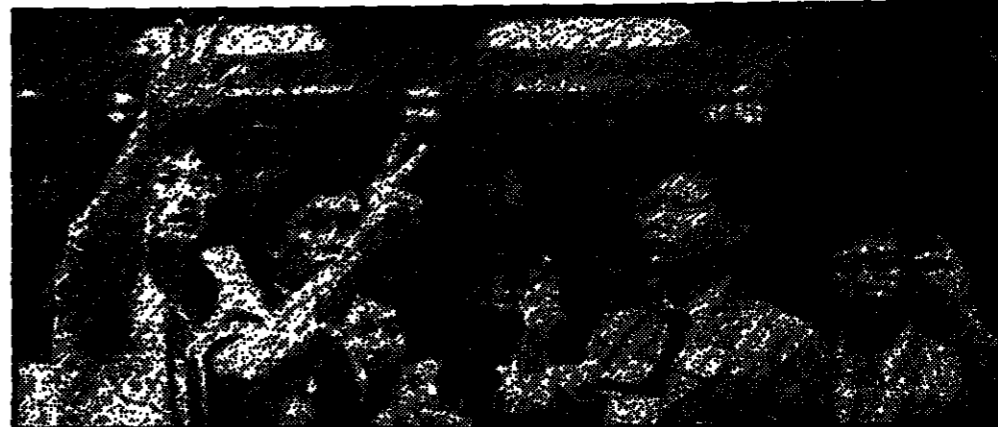
Smoothing gaps and impediments

IT IS probably a good thing open to them at home. Mrs Elizabeth Sam, deputy chairwoman of the Singapore International Monetary Exchange (Simex), could barely make herself heard when addressing dealers on its trading floor last month. Not that what she was saying was unpalatable: the reverse, she was launching a US Treasury bond futures contract, the seventh to join the now two-year-old market.

But the persistence of the outcry from its pits indicates a vigor which is reflected in volume which has quadrupled since the end of its first quarter, and a membership which includes both locals and, significantly, 19 Japanese institutions, there to do business which is not

Simex is part of a financial sector which is a large and growing proportion of the Singapore economy, providing 13.3 per cent of gross domestic product last year, up from 10 per cent in 1984. It has not been without its difficulties, though, and the country's Economic Committee, in evaluating performance against national targets for the 1990s, earlier this year observed: "Singapore as a financial centre is now at a crossroads."

The report added: "While we have become a sophisticated offshore banking centre, we are still not the international financial centre envisaged in the 10-Year Plan." It went on to outline gaps and impediments, some of which have already



Trading in sterling financial futures has started on the Singapore International Monetary Exchange as part of a widening network of financial dealings

Even in 1985, when the domestic economy entered its decline, the market expanded by 21.3 per cent to carry a total worth of US\$156bn.

Simex provides the means for risk management through a Eurodollar contract which is consistently the most active. Currency futures include the D-Mark, yen and, from last July, sterling. Currency options are to be introduced from the first quarter of 1987.

In other areas, activities of the 129 foreign banks remain constrained by a protective official attitude towards the local institutions, particularly in retail banking. They are on the whole prevented from opening branches as demographic shifts open up new areas of the island. They complain of being excluded from new technology services such as automated teller machines away from bank buildings, point-of-sale funds transfer, and home banking.

By default, therefore, wholesale business such as trade finance has grown in significance. Corporate lending has meanwhile begun to contract despite interest rates which are at historic lows, and one analyst describes their returns there as "just lousy at the moment."

Nor are the local banks having a good year, and earnings are expected to show little if any recovery after the aggregate 26.4 per cent setbacks in net profit for 1985. Although it is generally held that the work is over, they remain under pressure in a few key areas.

Weak loan demand, exacerbated by a more cautious lending policy which the banks themselves have felt obliged to impose. An upturn of any magnitude is not thought likely before next year.

The downturn in property values, a sector which represents an estimated 18 per cent of total loan portfolios. Provisions have been regarded as adequate, but property is also frequently used as security in other lending, and any further erosion of prices next year would leave loans uncovered. There are signs of a pick-up on the residential side, and some argue that the Government is too large a property owner itself to allow a major bankruptcy in the sector.

A squeeze on interest margins caused by competition for loan business. The banks are attempting, with some success, to counter this by cutting deposit rates earlier and relatively more steeply than they cut prime. They are also being helped by a rate of deposits growth which has tended upwards since February, reversing a two-year decline. This allows them to borrow less in the interbank market, which is more costly and which is dominated by the powerful Monetary Authority of Singapore (MAS) as the main net supplier.

Malaysia, where an increasingly jittery financial sector is both reflecting and compounding that country's economic and political ills. Although a switching of some funds out of domestic Malaysian institutions, which is believed to have taken place in recent weeks, is likely to have provided a deposit inflow to Singapore as well as other foreign banks operating there, the island's big

four remain significantly exposed to Malaysia.

Overseas Chinese Banking Corporation, for example, is reckoned by one broker to have as much as 30 per cent of its portfolio in Malaysian loans, while its finance company subsidiary there has been a loss-maker.

But the big four, which together had total assets at end-1985 of S\$68.2bn, have been discovering areas of opportunity as well. Notable among these in the past year are their stockbroking operations, taken on as a result of the collapse late last year of several securities firms during the exchange's forward contracts crisis. Good commission revenues are expected, despite start-up costs of which a S\$3.5m outlay each on an exchange seat was just one component.

Something similar is hoped for—and in more auspicious circumstances—from the planned government bond market to be launched on March 2. The four have each been awarded a primary dealership licence.

The motivation is not so much to provide the state with funds, which it has little need, but to deepen the local markets. An early spate of government issues of varying maturities will set a pricing benchmark which is fixed-rate and risk-free, in order that a corporate market can evolve from it. The MAS has been stressing its wish for a market-driven structure, and private sector banks have been closely involved in its planning, which is now all but complete.

Indeed, the MAS has, by all accounts, this year been adopting a more accommodative attitude to innovation within the banking sector, in contrast to its higher profile in the previously less than rigorously regulated stock market, and in recognition that its developmental role should not wither entirely into a policing function as Singapore's financial product range broadens.

Fund management is one target area, after the lifting in the 1986 budget of tax and other disincentives. Liability for tax both on trading income and on capital gains has been

removed, as has the purely offshore nature of the market by allowing tax-exempt foreign participation in local equities. Eyes are on the US\$1bn or so of discretionary funds under management in Hong Kong.

Simex, which has pursued an international strategy from the outset, is due meanwhile to introduce its first home-grown product early next year. This will be a Singapore stock index futures contract, comparable with those which have provided the early days' sustenance of its rival exchanges in Hong Kong and Sydney.

It is intended to keep happy the resident band of 70 or 80 active "local (own-account) traders on Simex. But its significance lies more in that it was preceded, from September, by a contract based on the Tokyo Stock Exchange's Nikkei index. According to Mrs Sam, "Our domestic economy is small, therefore our contracts are international." It is a neat niche approach which is set to be echoed elsewhere in the Singapore financial sector.

Gordon Crabb

Gordon Crabb

Gordon Crabb

Gordon Crabb

Gordon Crabb

Gordon Crabb

Gordon Crabb

Gordon Crabb

Gordon Crabb

Gordon Crabb

Stock exchange

Back in international favour

THE TWO-YEAR peaks attained by the Straits Times Industrial Index in recent weeks have, on first appearances, left the market's Pan-Electric debacle of 11 months ago way below at base camp.

Local and foreign buying has sustained a rally of surprising vigour, and interest from abroad has been such that overseas brokers are known to have been exploring the possible purchase of seats on the Stock Exchange of Singapore.

But it is not only the memory that remains. The collapse at the end of last year of Pan-Electric Industries, the marine salvage and property concern which was one of the market's largest quoted companies brought with it revelations of a tangle of forward share contracts, a three-day suspension of trading on the exchange, the demise as independent entities of several local stockbroking firms, and a sense that the Singapore market suddenly had a lot of maturing to do before it could regain international favour.

It has done so, again to an unexpected extent. Restoring the market to its upward path has, however, meant roping it in with regulatory constraints previously thought unnecessary. Next time, the climber might not fall so far, but room to manoeuvre has been the cost.

The surrounding structure of the market has been changed in three key respects in the course of the last year:

The Monetary Authority of Singapore (MAS), the island's quasi-central bank, now has equity dealings under closer scrutiny than ever. His brief was always wide enough to have included the stock market, but it was blamed, with hindsight, for not having appreciated sufficiently the secondary banking role which local brokers had come to adopt—where their own creditworthiness was used to fund share purchases by customers.

The big four domestic banks have, instead, been given the reins of the stock exchange committee as part of a new-found broking function which is sipping the client base of those local brokers which had survived the initial shake-out.

Among the four, the Development Bank of Singapore, the largest, has been identified as making a sizeable retail push, while all to varying extents are attracting much of the business placed through foreign institutions.

The Securities Industries Act—which existed in outline draft before the Pan-Electric crisis, but which was brought forward as a result—has been designed to protect smaller investors. Brokers find its provisions irksome; but, others observe, brokers would. The rationale behind its meticulous

disclosure clauses is acknowledged by a director of one of the stronger local securities houses: "Singapore has very little to fall back on. We must have our credibility."

The good standing of the larger companies quoted on the Singapore exchange is unimpaired in the eyes of international investors, despite price/earnings ratios that are tending 30 as the effects on profits of a more sluggish domestic economy filter through. On a busy day, more than half the dealings in stocks such as Singapore International Airways (SIA) could take place among players abroad.

This is both good and bad news for the local market, where commissions remain fixed at 1 per cent (local institutions get a ½ point rebate) and foreign firms have so far been unable to gain seats, although up to a dozen have enquired.

On the one hand, it means that more deals are being crossed away from its floor, eroding both commissions and control. On the other, the activity overseas reflects international enthusiasm for quality Singapore and Malaysian quoted stocks of an extent that should ensure a ready market for excess paper.

Moves are being made to broaden the Singapore market, both in the scope of its listings and in the investor base for

them. In particular, three government-led initiatives are under way, aimed equally at boosting investment consciousness among Singaporeans, promoting the island as a world financial centre—and, along the way, reducing the state role in the economy.

First, Central Provident Fund accounts—the state savings which are mandatory for Singapore income earners—have been partially freed, to allow withdrawals in order to purchase equities. The scheme, introduced in May, has had a less than frenetic initial take-up: figures issued in late September showed 8,000 participants in all and an investment inflow into the market of S\$94.7m. From this month, though the available amount is to be doubled.

Individuals can draw from their accounts to buy shares in a list of approved companies, largely blue chips. The Government needs to ensure that voters' fingers do not too often get burnt, and speculation is not being encouraged. Instead, the list is expected to be widened next year by the inclusion of unit trusts.

Second, privatisation will account for the bulk of new issues coming to the market, sustaining a pace set by the successful SIA flotation. New issue volumes have not been large in Singapore, although rights issues by existing quoted companies are thought likely

over the next year to maintain their S\$1.1bn-to-S\$1.2bn average annual level. Little concern is yet evident, though, about the weight of paper overhanging the market.

The third area of expansion is an unlisted securities market, being seen as a way to promote entrepreneurship. The Government, however, plans to launch some of its smaller operations there as a way of getting the market on its feet.

The market, to be called SESDAQ (Stock Exchange of Singapore Dealing and Automated Quotation System) will have few peers technologically—it has been planned as an electronic, no-crip operation. But foreign brokers see potential dangers in the single marketmakers that are expected to emerge for some stocks at least, hindering the ability to sell a holding.

Gordon Crabb

Gordon Crabb

Gordon Crabb

Gordon Crabb

Gordon Crabb

Gordon Crabb

Gordon Crabb

Advertisement for OUB Centre, One Raffles Place, Singapore. Text includes: "One Raffles Place, Singapore. Second to none for business." "The prestige of the number one address in the business world..." "Building Automation System..." "Emergency Power Supply..." "Economical After Office Hours Airconditioning..." "Call our marketing agents today and find out about our new revised 1986 rental rates. You'll be pleasantly surprised."

Advertisement for Knight Frank, Cheong Chee & Baillie. Text includes: "Knight Frank Cheong Chee & Baillie (Part of the Knight Frank & Bailey Group Worldwide) 101 Cecil Street, #14-01 Tower One Building, Singapore 0693. Tel: 338 3472. Telefax: 222 1133." "The Government and the Urban Redevelopment Authority shall in no way be liable for any default or failure in complying with any of the terms and conditions of the agreement for sale or lease as recorded in the public register for the land and as set out in the individual notices or particulars."

Advertisement for aerospatiale. Text includes: "After Concorde and Ariane, we've set our sights a little higher." "For 25 years, Aerospatiale has been a leader in supersonic transport and Europe's joint space effort..." "Today, a new and compelling chapter in this odyssey has begun. One that signals the advent of Europe's own space vehicles and orbital stations..." "aerospatiale" logo and "DIVISION SYSTEMES BALISTIQUES ET SPATIAUX" text.

Advertisement for aerospatiale. Text includes: "aerospatiale" logo and "DIVISION SYSTEMES BALISTIQUES ET SPATIAUX" text. A line graph titled "Straits Times Index" showing a peak in 1985 and a dip in 1986. A signature "Gordon Crabb" is visible at the bottom right.

Handwritten text at the top of the page, possibly a date or page number.

Singapore 5

Privatisation

Key targets identified

MR LEE KUAN YEW, the Singapore Prime Minister, and his British counterpart have a mutual high regard which is well known. But while Mrs Thatcher from time to time exports the Singapore lesson of growth in productivity, a drive to privatise state assets now under way in the smaller island state can in some ways be seen as the other side of the coin.

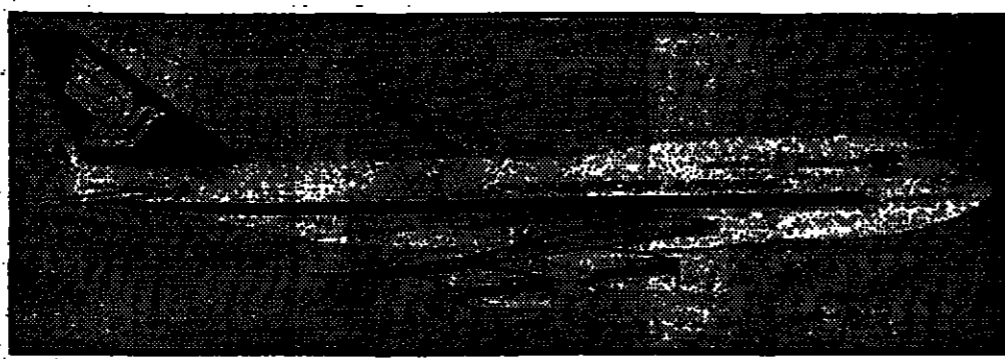
There are similarities not only in the rhetoric but in the candidates for privatisation—the flag carrier airlines, telecommunications, the ports—which are on the whole service industries with a high visibility and often a large consumer base.

Differences clearly exist both in the priorities for sell offs to the public and in the means in which they are carried out. As far as ends are concerned, though, the Singapore version is not as closely tied to funding tax cuts, and one financial analyst comments: "They have not really worked out yet what they mean by privatisation and what they want to achieve."

What is apparent on the part of the Singapore Government, which has in the past played a large developmental role in setting up industries where the island had no inherited experience, is a desire now to take more of a back seat. Special cases will still be made—in the defence sector, say—but the message to state companies is that they should expect in future to divest rather than diversify.

The Government's Economic Committee, which in February publishes its wide-ranging report on areas proposed for reform or expansion, stepped short of issuing a full list of candidates for privatisation, although it did identify a few key targets. Sirg General Lee Hsien Loong, the Prime Minister's son who was its chairman, appears to place more stress on ownership structure than he does on an internationally-minded approach. "Whether public or private sector, they ought still to go overseas," he says.

Lee, now acting Minister for Trade and Industry, hints at an additional advantage of a reduced state role. "We should try to get our public sector more counter-cyclical in its operations," he says. A smaller, more manageable collection of state enterprises would be more likely to facilitate this, away from the responsibility of being the nation's main economic engine.



A B747-SUD (Stretched Upper Deck) of the Singapore Airlines: the S\$500m share issue is the centrepiece so far of asset sales

The centrepiece of asset sales so far is Singapore Airlines, floated off in a S\$500m share issue during a very rocky time for the local stock market. The airline remains 63 per cent government-owned, but foreign investors now hold 20 per cent and Singaporeans, including SIA employees, the remainder. All have done well—the shares, after an initial downturn, are now trading at close to double their issue value.

The size of SIA relative to private sector quoted companies made it immediately market leader on the Stock Exchange of Singapore. This in itself is an indicator of the lack of large corporate entities outside the government umbrella.

Despite the fact that foreigners can legally buy, on aggregate, no more than the fifth of SIA which they already hold, on many days business in its shares abroad is more active than that done domestically—rather marking the intention of the state to use the local equity market gains financial solidity as a result of such flotations.

SIA was first choice probably because, its modern fleet and good reputation for service aside, it is already in the hands of its staff, and these were shares which eventually needed a market. This is not generally true among Singapore state companies. Viewed differently, therefore, there is not as ready a case to be made for floating those which have been mentioned as likely to follow it.

been appointed, and the authorities indicate that as much as 75 per cent or more may be on offer in the MRT operator—the land, rolling stock and other fixed assets will stay in state hands, provided to the company at minimum or zero cost.

The Government may not even retain a so-called golden share to ensure control. It is pointed out that Singapore Bus Services is an entirely private sector company, running one of the world's largest fleets with only an annual licence from the Ministry of Transport as a sanction to influence decisions such as fare structures.

It is acknowledged, though, that the earlier a flotation comes, the more problematic its terms will be, both for the Government to resolve and for potential investors to evaluate. The pace at which it is proceeding reflects the enthusiasm largely of Mr Michael Fam, chairman of the MRT company, as well as of the Public Sector Assets Disposal Committee which has a far wider brief.

Mr Fam's committee has also been examining Telecoms, the telephone network operator; the Port of Singapore Authority; and Changi airport, among others. All are now run by statutory boards of civil servants, who are on the whole well regarded. This does not mean they are free of obstructive bureaucracy, but rather that time is likely to be taken in sifting out revenue-generation areas from the regulatory functions which the state would prefer to retain.

In this way, at least, the Government can maximise returns, selling close to market price and perhaps towards the top of a run-up in prices without the need to provide a cushion for first-time individual investors at home.

The next main disposal is likely to be, curiously, a company with no business record and which at the time of launch may still be without tangible operations. Singapore's Mass Rapid Transit (MRT) metro project is not due to open until 1988, yet one proposal under serious consideration involves floating the MRT company in advance of that next year.

No value can yet be guessed at for the issue, but merchant bank advisers have already

been appointed, and the authorities indicate that as much as 75 per cent or more may be on offer in the MRT operator—the land, rolling stock and other fixed assets will stay in state hands, provided to the company at minimum or zero cost.

The Government may not even retain a so-called golden share to ensure control. It is pointed out that Singapore Bus Services is an entirely private sector company, running one of the world's largest fleets with only an annual licence from the Ministry of Transport as a sanction to influence decisions such as fare structures.

It is acknowledged, though, that the earlier a flotation comes, the more problematic its terms will be, both for the Government to resolve and for potential investors to evaluate. The pace at which it is proceeding reflects the enthusiasm largely of Mr Michael Fam, chairman of the MRT company, as well as of the Public Sector Assets Disposal Committee which has a far wider brief.

Mr Fam's committee has also been examining Telecoms, the telephone network operator; the Port of Singapore Authority; and Changi airport, among others. All are now run by statutory boards of civil servants, who are on the whole well regarded. This does not mean they are free of obstructive bureaucracy, but rather that time is likely to be taken in sifting out revenue-generation areas from the regulatory functions which the state would prefer to retain.

Gordon Cramb

Copyright Pirates

Action against offenders stepped up

TIME IS running out for Singapore's pirates. Not the maritime variety, but those who until now have sailed virtually unhindered through the laws of copyright to hijack the words, pictures, music and ideas of others for their own not inconsiderable profit.

This year the island is expected to produce some 20m pirate music cassette tapes, at a theoretical cost in revenues to legitimate manufacturers of about US\$100m. This is a slight improvement, though on the peak year of 1981, when Singapore's pirates are said to have exported a staggering 120m tapes.

Since then, police have stepped up action against the offenders. More than 49,000 pirate tapes were seized in police raids which averaged two a week over the first eight months of last year. This compares with seizures of 23,000 in 1984, 150,000 in 1983 and a bumper 400,000 in 1982.

The beginning of the end for the island's copyright pirates is generally acknowledged to have come with a High Court case brought successfully by a publisher of English bookseller. The case established that the Copyright Act, passed in 1968, in 1981 protected works published in the UK or the dominions of the time, because the Act continued in force in Singapore even though it had been replaced by new legislation in Britain and Singapore had become independent.

Shortly after the court decision, early last year, Mr E. W. Barker, Law Minister, announced that the Government was working on a new copyright law more relevant to a technologically advanced society. Underlining the Government's determination to deal effectively with copyright piracy, he said that "intellectual endeavours must be adequately safeguarded to encourage creativity."

In fact a parliamentary committee had been formed as early as 1980 to look at the possibility of revising the 1911 Act, which had been supplemented by the 1914 Copyright Act and the Copyright (Gramophone Records and Government Broadcasting) Act of 1968. A draft Bill, based on the Australian copyright legislation of 1968, is scheduled to be introduced before the end of this year.

Besides being broadened to cover innovations like video tapes and computer software, the proposed new law stiffens the penalties for infringement considerably. At present pirates face maximum fines of \$21,000 for a first offence and \$82,000 for a second offence. In practice, fines seldom exceeded \$8400. Under the new law, offenders face fines of \$810,000 for each infringement, meaning each copy of pirated material, up to a maximum of \$8100,000, or five years in jail.

Copyright holders have recourse under Singapore law to both criminal and civil action and the Government plans to set up a copyright tribunal to decide on the remuneration payable under statutory licences.

Foreign works will be protected by bilateral arrangements and under international copyright conventions of which the republic is a member.

The need for an overhaul of the copyright laws was given added urgency by two factors which meant that the advantages of the country's relatively free and easy attitude to the subject were suddenly outweighed heavily by the disadvantages.

First, it became apparent that Singapore's aspirations to become a regional focus for research and development in high technology sectors—a "brain services centre"—were increasingly under threat because of its reputation as a hotbed of piracy. US computer software makers, keen to set up businesses in Singapore, were worried about protection for the copyright on their products, in some cases representing investment of millions of dollars. Commercial staff at the US

embassy went so far as to advise companies to stay away until the law was reinforced.

Microsoft, one of the largest US software makers, anticipated the new law and appointed an agent in Singapore earlier this year. By October, Mr Rick Tsang, the company's manager for Asian area sales, was complaining that an estimated 90 per cent of Microsoft software packages sold in Singapore and Malaysia were pirated versions.

IBM, the world's biggest computer group, took court action earlier this year, winning permanent injunctions against six Singapore companies which had been pirating its software and operating manuals.

The second incentive to beef up the copyright law is the danger that continued pirate activity could jeopardise Singapore's status as a favoured trading partner under the US Generalised System of Preferences (GSP), which is currently being reviewed.

The Trade Act passed by Congress in 1984 makes copyright protection one of the criteria determining the extent to which developing countries benefit from the GSP. Removal status would mean that Singapore exporters to the US would face extra duties of between 3 and 6 per cent.

Roger Beale

Well-placed in Singapore



Because of its location in Asia as a window to the West, Singapore is one of the most rewarding countries in which to trade. However, you need a bank that's experienced in both Asian and international banking to help you make the most of Singapore's prime trading location.

experts, as well as our Singapore China Desk, will advise you on ways your business can reach its greatest potential—in Singapore, elsewhere in Asia, or in the rest of the world.

HongkongBank logo and contact information for the bank's Singapore office.

Picking up business in Singapore is easier with NatWest.

Whatever your business interests, NatWest in Singapore can help. We offer loan, deposit and foreign exchange facilities in a wide range of major international currencies.

For further information on NatWest's International Operations, please contact: Mike Brigden, Chief Manager, National Westminster Bank PLC, Floor 5, Shell Tower, 50 Raffles Place, Singapore 0104.

NatWest The Action Bank

Advertisement for Shangri-La hotel, featuring a tree logo and text: 'Where else could such a haven of peace and tranquility be found in the heart of a bustling city.'

IN SINGAPORE WHERE ELSE BUT THE SHANGRI-LA

FOR RESERVATIONS CONTACT SHANGRI-LA INTERNATIONAL: LONDON (01) 581 4217 • AUSTRALIA STD FREE (08) 222 448 • BANGKOK (2) 236 0280 • HONG KONG (5) 242 367

